

CANADA

HOUSE OF COMMONS DEBATES

OFFICIAL REPORT

THIRD SESSION—TWENTY SIXTH PARLIAMENT

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CANADA

House of Commons Debates

OFFICIAL REPORT

Speaker: The Honourable Alan A. Macnaughton

Monday, April 5, 1965

THIRD SESSION—TWENTY SIXTH PARLIAMENT—OPENING

The parliament which had been prorogued on the third day of April, 1965, met this day at Ottawa for the dispatch of business.

The house met at three o'clock, the Speaker in the chair.

Mr. Speaker read a communication from the secretary to the Governor General, announcing that His Excellency the Governor General would proceed to the Senate chamber at three o'clock on this day, for the purpose of formally opening the session of the dominion parliament.

And while awaiting the summons to the Senate chamber:

Mr. Winch: Mr. Speaker, out of curiosity may I ask whether, this being the first day of the third session of this parliament, the required notices have been published in the Canada *Gazette* and all members of the House of Commons and Senate have been so notified.

Mr. Speaker: This obviously raises a very interesting and difficult point which I will have to take into consideration.

• (3:20 p.m.)

A message was delivered by Major C. R. Lamoureux, Gentleman Usher of the Black Rod, as follows:

Mr. Speaker, it is the pleasure of His Excellency the Governor General that this honourable house attend him immediately in the chamber of the honourable the Senate.

Accordingly, Mr. Speaker with the house went up to the Senate chamber.

And the house being returned to the Commons chamber:

• (4:10 p.m.)

OATHS OF OFFICE

Right Hon. L. B. Pearson (Prime Minister) moved for leave to introduce Bill No. C-1, respecting the administration of oaths of office.

Motion agreed to and bill read the first time.

SPEECH FROM THE THRONE

Mr. Speaker: I have the honour to inform the house that when the house did attend His Excellency the Governor General this day in the Senate chamber, His Excellency was pleased to make a speech to both houses of parliament. To prevent mistakes I have obtained a copy, which is as follows:

Honourable Members of the Senate:

Members of the House of Commons:

I welcome you to the third session of the twenty sixth Parliament of Canada.

We recall with pleasure the presence last October of Her Majesty Queen Elizabeth. The visit of Her Majesty to Charlottetown, Quebec and Ottawa helped us to celebrate the hundredth anniversary of the interprovincial conferences that led to Confederation. It also reaffirmed in the hearts of Canadians the cherished place of the monarchy in our national development. The gracious presence and the wise words of the Queen of Canada helped to strengthen the unity of our country and to rededicate Canadians to the sense of purpose that joins us in the pursuit of our common goals as Canadians while leaving us free to develop to the full the facets of our life which reflect the duality of our foundation and the variety of our development.

The international situation gives ground for concern. The stability of South-east Asia is threatened by a deepening crisis in Viet Nam and continued pressures on Malaysia. The United Nations is beset by conflicting political pressures which have seriously impaired its capacity for executive action. The continuance of these situations, and of the policies that have given rise to them, would create serious risks of widening conflict.

My Government is resolved that Canada shall make the fullest contribution it can to the lessening of international tensions, including the pro-

vision of practical assistance to developing countries. In the forthcoming negotiations on the United Nations crisis, the objective of my Ministers will be to contribute to the work of repairing and strengthening the United Nations in order that it may play its proper role in the preservation of world peace and security. My Government will press forward its efforts to assure effective international action for peace keeping and to move toward general disarmament under effective international control. Canada will continue meantime to play its full part in the strengthening of collective defence and in the close collaboration of NATO members on both sides of the Atlantic.

My Government will continue to contribute to the development of the Commonwealth ties which are of major importance to the free world and to the improvement of relations between the continents. My Prime Minister will attend the forthcoming Conference of Commonwealth Prime Ministers which will discuss, among other things, the expansion of trade and the establishment of a Commonwealth Secretariat.

My Ministers attach great importance to Canada's neighbourly relationship with the United States and to the development of practical, mutually beneficial arrangements within that relationship. You will be asked to approve a resolution concerning the important agreement on the automobile industry recently concluded with the United States.

Members of the House of Commons:

My Ministers believe that it is imperative to reform the procedures of the House of Commons in order that it may accomplish the large volume of work required to meet the needs of the Canadian people in modern times. My Ministers therefore will submit to you proposals for reform, based both on the valuable work of your committee on procedure and organization and on my Government's study of the procedures which, in the Parliaments at Westminster and elsewhere, have enabled effective debate and criticism to be combined with effective dispatch of public business.

Honourable Members of the Senate:

Members of the House of Commons:

My Ministers will continue their policy of promoting the strength and unity of the Canadian Confederation. This policy has made possible the achievement and reinforcement on a nation wide basis of programs, in pensions and in other fields, which would not have been attainable but for better procedures of consultation and concerted action with due regard for the federal character of our country. My Ministers will continue to improve the procedures and practices involved in the federal relationship so that all Canadians may feel equally served by Confederation.

After the appropriate provincial concurrence has been signified, you will be asked to approve an Address to the Queen to provide that the constitution of Canada may be amended in Canada by the procedures which have been agreed between my Government and the Governments of all the Provinces.

You will be asked to authorize my Government to provide that "O Canada" shall be the National Anthem of Canada and that "God Save the Queen" shall be recognized as the Royal Anthem in Canada.

Our country is achieving a high rate of economic growth. Trade is expanding. With growing industrialization, Canadians are enjoying rapidly increasing employment opportunities; incomes and living standards are rising; the number of people out of work has been reduced to lower levels than for many years.

[Mr. Speaker.]

All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training, inequality in opportunities for work. To combat these problems, to improve the opportunities of people who are now at a disadvantage, is to put new power into economic expansion and to enhance the unity of our country.

My Government therefore is developing a program for the full utilisation of our human resources and the elimination of poverty among our people. It will include improved measures for regional development, the re-employment and training of workers, the redevelopment of rural areas, the assistance of needy people, the renewal of areas now blighted and congested in our cities, and the establishment of new opportunities for young Canadians. Besides strengthening and broadening measures within the federal sphere of responsibility, the plan will be designed to concert them more effectively with provincial programs. Because of the importance of this plan, my Prime Minister will take direct responsibility for its co-ordination, assisted by a special secretariat. My Government will propose the calling of a special federal-provincial conference to seek full co-operation and co-ordination with policies of the Provinces.

As one of the major elements in this plan, my Government's area development program, which has already been of substantial assistance to industrial expansion in areas of high unemployment, will be expanded, in consultation with the Provinces, to other areas where incomes are low. You will be asked to approve measures to aid industrial expansion in these areas and to help people to take full advantage of such improved employment opportunities.

My Government will also propose improved measures to assist the re-employment of workers displaced by automation or affected by other economic changes. These measures to develop our country's human resources will include grants and loans for workers moving to new jobs, improved training programs in industry, extended vocational services particularly for the longer term unemployed, and an expanded program for agricultural manpower. These measures will be taken in co-operation with management and labour and, where appropriate, in conjunction with the Provinces.

You will be asked to approve the creation of a fund for rural economic development and, in order to provide for fuller integration of action for rural development, amendments to the legislation regarding ARDA will be placed before you.

You will be asked to approve the establishment of a Company of Young Canadians, through which the energies and talents of youth can be enlisted in projects for economic and social development both in Canada and abroad.

After further discussions between my Government and the Provinces, you will also be asked to enact a measure to establish a Canada Assistance Plan, providing for federal sharing in the cost of comprehensive programs under which people can be assisted on the basis of their need.

My Government believes that public policy should be directed to improving the quality of health services and to ensuring that all Canadians can obtain needed health care, irrespective of their ability to pay. Accordingly my Government will at an early date meet with the Governments of the Provinces in order to discuss with them the way

in which federal and provincial action can most effectively contribute to programs that will provide health services to Canadians on a comprehensive basis.

My Government will propose the re-establishment of a special committee of the House of Commons on food and drugs, and will facilitate its work with the aim of reducing the prices paid by the public for drugs.

My Government is developing new policies to enable farmers generally to achieve larger and more reliable incomes so that their living and working standards will be comparable to those enjoyed in other sectors of our economy. You will be asked to consider measures of special assistance to the family farm in both eastern and western Canada.

My Government's recent action to raise the incomes of dairy farmers will be followed by a comprehensive measure to make possible the development, in co-operation with the Provinces, of new national policies for major farm products, including the establishment of a Canadian Dairy Commission. Action will be taken to improve the movement and marketing of feed grain in eastern Canada and British Columbia.

In order to raise the level of income of Canadian fishermen, a measure will be placed before you to provide for an expanded national fisheries development program.

In order to improve the position of veterans, you will be asked to approve measures to amend the Veterans' Land Act, the Children of War Dead (Education Assistance) Act, the War Veterans' Allowance Act and the Army Benevolent Fund Act.

A measure will be placed before you to amend the Canadian Citizenship Act, particularly in order to ensure full equality of rights for all Canadian citizens wherever they were born.

You will be asked to approve a revision of the Immigration Act in the light of a white paper which will be placed before you, reviewing immigration policy and procedures.

You will be asked to enact legislation to establish an Indian Claims Commission.

A measure to establish an age of retirement from the Senate will be placed before you.

My Government will seek to provide more encouragement to the cultural development of our country. You will be asked to consider a measure to strengthen the position of Canadian publications, amendments to the legislation dealing with broadcasting, and a measure to help the development of a feature film industry in Canada.

In order to encourage the progress of scientific research in Canada you will be asked to enact legislation to establish a Science Council of Canada. You will also be asked to authorize a program for the advancement of industrial technology, designed to make our industry more competitive and efficient.

Arrangements will be made for you to decide the issue of capital punishment. My Government will appoint a special committee to study and make recommendations on a comprehensive policy for the correction and rehabilitation of prisoners.

My Government will appoint a Royal Commission to study the status, form and procedures of adjudicative and regulatory bodies and to investigate the desirability of instituting a parliamentary commissioner or Ombudsman for Canada.

My Government intends to make proposals regarding the limitation and payment of election expenses when it has received and considered the findings of the committee of inquiry.

You will be asked to consider revisions of the Bank Act, the Quebec Savings Banks Act and the Bank of Canada Act; legislation will be proposed to establish a Canada Development Corporation to assist in financing major new industrial developments and in increasing Canadian ownership of business corporations.

My Government will propose a revision of legislation on unemployment insurance; legislation to provide for safety in employment under federal jurisdiction; amendment of the Fair Wages and Hours of Labour Act to achieve consistency with the labour standards code; legislation to make collective bargaining and arbitration available to the Public Service; and legislation revising federal superannuation and pension plans to integrate them with the Canada Pension Plan.

You will be asked to consider comprehensive legislation to reform public regulation of the railways and to facilitate the adaptation of the railway system to present and future needs; a measure to provide for the recapitalization of the Canadian National Railways; and amendments to the Aeronautics Act.

Other legislative proposals which you will be asked to consider will include: amendments to the Financial Administration Act to establish the Treasury Board under the presidency of a Minister to be named the president of the Treasury Board; legislation regarding Term 29 of the Union with Newfoundland; a measure regarding conservation of oil and gas under federal jurisdiction; amendments to the Post Office Act, the National Housing Act, the Atlantic Development Board Act, the Northwest Territories Act, the Bankruptcy Act and other legislation.

Members of the House of Commons:

You will be asked to appropriate the funds required for the services and payments authorized by Parliament.

Honourable Members of the Senate:

Members of the House of Commons:

May Divine Providence guide you in your deliberations.

Right Hon. L. B. Pearson (Prime Minister) moved:

That the speech of His Excellency, delivered this day from the throne to both houses of parliament, be taken into consideration later this day.

Motion agreed to.

INTERNAL ECONOMY COMMISSION

Right Hon. L. B. Pearson (Prime Minister) presented the following message from His Excellency the Governor General:

The Governor General transmits to the House of Commons a certified copy of an order in council appointing the Hon. George James McIlraith, the Hon. John Robert Nicholson, the Hon. Maurice Sauvé and the Hon. Edgar John Benson, to act with the Speaker of the House of Commons as commissioners for the purposes and under the provisions of the one hundred and forty third chapter of the Revised Statutes of Canada, 1952, intituled: an act respecting the House of Commons

STANDING COMMITTEES

Right Hon. L. B. Pearson (Prime Minister) moved:

That a special committee be appointed to prepare and report, with all convenient speed, lists of members to compose the standing committees of this house; the said committee to be composed of Messrs. Churchill, Grégoire, Knowles, McIlraith, Patterson, Walker and Winkler, and that the provisions of standing order 65(1) be suspended in relation to the number of members thereon.

Motion agreed to.

HOUSE OF COMMONS

APPOINTMENT OF DEPUTY CHAIRMAN OF COMMITTEES OF THE WHOLE

Right Hon. L. B. Pearson (Prime Minister) moved:

That Herman Maxwell Batten, Esq., member for the electoral district of Humber-St. George's, be appointed deputy chairman of committees of the whole house.

Motion agreed to.

• (4:20 p.m.)

SPEECH FROM THE THRONE

ADDRESS IN REPLY, MOVED BY MR. RICHARD CASHIN AND SECONDED BY MR. JEAN CHRÉTIEN

The house proceeded to the consideration of the speech delivered by His Excellency the Governor General at the opening of the session.

Mr. Richard Cashin (St. John's West): Mr. Speaker, first of all I should like to thank hon. members for their applause and to express my deep gratitude to the Prime Minister (Mr. Pearson) for the honour he has bestowed upon my constituency and my province in asking me to move the address in reply to the speech from the throne. I should like also to express the hope that all hon. members are truly rested after their unique recess. It is no doubt a tribute to the onerous task that is ours that so many of us were unable, during this recess, to visit our constituencies.

I could say, in passing, that in 1962 I had the opportunity of taking part in the throne speech debate. Not too many weeks passed before I was informed that I was not only no longer a member of parliament but that, indeed, technically I had never been one in the first place. I know that you will all understand, Mr. Speaker, when I say I hope history will not repeat itself. In view of the circumstances, there has been something of a departure from custom in that all hon. members will not have a 24 hour period to contemplate the speech from the throne prior to the opening of the debate. It seems to me, Mr. Speaker, that this occasion gives me the opportunity to reflect on some of the ideas, the impressions that have occurred to me as a young and new member of parliament about the institutions, about the direction of our country, not only in the immediate future but in the long term, in fulfilment of the destiny of our nation. But first of all I would like to make reference to my constituency and my province.

This old and historic part of North America became part of Canada some 16 years ago. This union has brought benefit to both Canada and Newfoundland. However, as hon. members can appreciate, Newfoundland had some very special problems in 1949 and today, despite the remarkable progress and growth of the past 16 years, some of these problems remain.

While they are of special importance to my province they are, nevertheless, in many respects problems which Newfoundland and Newfoundlanders share with many other regions and other peoples in Canada. Naturally, Mr. Speaker, I am thinking of unemployment, underemployment, and generally the struggle to participate to the maximum in the achievements of our age.

We are living in an era of unprecedented prosperity, productivity, and of scientific and technological progress of vast and often imponderable magnitude. There are, I would respectfully submit, two overriding challenges which are directly related to this type of society and which we share with a few other fortunate nations of the world. These are becoming increasingly the preoccupation of governments and people. Our response as a people to these challenges will determine the quality and the permanency of our society.

First of all, despite our great achievements and the great abundance of wealth that is Canada's and America's, there are today large numbers of people who seem unable to participate in the advantages of our time. They are the unemployed, the underemployed, those with low standards of education, poor physical or mental health. Some of these people live on farms which can no longer support them. Some of these people are fishing by virtually the same methods used in the sea of Galilee at the time of our Lord. Others, Mr. Speaker, are crowded into congested and blighted areas of our cities. Many are young people who have been unable to get a start and fit into our society. All over Canada there

are these people who are better off than their fathers, but nevertheless they are pretty much unaffected by the ever increasing gross national productivity and rising standards of living.

Fifteen or so years ago, in the period just after the second world war, it was felt that each year the standard of living would rise, that more and more people would participate in this growth, and that eventually we would eradicate poverty and want from our society.

Thirty years have passed since the theories of Adam Smith were finally and reluctantly buried—the theories if not the attitudes—and the theories of Lord Keynes became operative, and the basis of our present prosperity introduced. The struggle against poverty and privation is as old as man himself, but in this restricted sense it dates back to the thirties, the new deal, Lord Keynes, the King administration and the second world war. The measures brought about as a result of these changes in approach have guaranteed minimum subsistence as a matter of right to the aged, the unemployed, the dependant and the helpless.

The new problems of poverty in the sixties are not so much problems of dire need, but rather problems of opportunity and dignity. The first challenge, I would submit, to the society of the sixties, is to offer to all the opportunity to live in dignity and to participate in the achievements of our time.

We must recognize the causes of this challenge, and approach them with the determination that we would approach an enemy in mortal conflict. We must recognize that there are certain areas of slow economic growth, and consequently in these areas there are more people on the subsistence level. We must recognize too, Mr. Speaker, that increasing productivity may widen this gap, particularly as a result of automation. I think that we know the labour market for unskilled workers is shrinking and that an abnormally high number of our unemployed are young people.

In the past few years, and certainly in the past two, legislation has been introduced which does form the basis for an all-out attack on this problem but I would respectfully submit, Mr. Speaker, that our traditional attitudes and approaches will not of themselves solve this problem. What is really needed is the same kind of drastic action that motivated our effort in the second world war. In addition to employing the fiscal policies which have been used these past few decades, we must also support them by a vastly expanded program of public improvements and by a much greater educational effort. I would also point out that not only has the public sector of the economy a responsibility, but so, too, has the private sector. What is needed is a form of communal action that will establish certain priorities and goals for our society.

It is not my intention here this afternoon to analyse specific proposals about the format for communal action, nor is it my intention to comment on the many suggestions which have been forthcoming to cope with the serious problems of unemployment and underemployment. However, as I remarked earlier, we are all aware we do now guarantee if a man is unemployed that he will have some form of assistance. But having done this much, is it much further beyond that to decide that there are certain public funds which can be made available to undertake certain worthy public projects such as urban renewal, and conservation, which could employ the unemployed and the underemployed? Perhaps the employment opportunities which would be made available by undertaking these projects could also be related to a program of training. Such a program would hopefully equip these people to cope with society and become useful and productive citizens. In passing I might say that this afternoon we heard a reference to the problem of area development, and I would hope this is a matter which the government can act upon as soon as possible.

Mr. Speaker, this first challenge of the equalization of opportunities for all is very closely related to the second challenge which, in my opinion, faces not only Canada but in varying degrees all of the so-called "have nations." It concerns the use which we will make of all the magnificent advances in science and technology. It is essential, Mr. Speaker, that we recognize the extraordinary scope of the scientific revolution now taking place in the world. The knowledge we are going to use, and in fact the knowledge we are already using, will increasingly be employed to alter the world in which we live. On this continent, Mr. Speaker, we are going to be able to produce more goods than ever before, and we will have the ability to provide a standard of living comparable with the maintenance of human dignity for all our citizens.

Our concern then in this second challenge becomes the use which we will make of mankind's sum total of knowledge. Ex-

pressed in very simple terms, this issue is the quality of life in Canada.

We look about us and we see our forests and our streams, our cities and our villages, and we cannot help but have a feeling of pride. But as we read about unemployment, about juvenile delinquency, about crime, about the lack of beauty in the things we build, about the pollution of our air and our waters, we cannot help but have some doubt about the use we are making of the vast energies of our people and the wealth of our economy. We have, and we will increasingly have in the years to come, the opportunity to use our energies and our assets for the creation of a high civilization, one dedicated to the fulfilment of the individual and the pursuit of human excellence. But, Mr. Speaker, we will have to take stock of our sense of values and the direction in which our society is going, and we will have to establish priorities in our national life. That is to say, we will have to decide the things we want to accomplish in our society.

• (4:30 p.m.)

There is one priority which is fundamentally related to most of the problems which confront us. More and more, Mr. Speaker, education is beginning to replace the welfare state as the basic concern and commitment of our people. The sole criterion for education for all Canadians can only be the ability to learn. And as we resolve the quantitative problem in this field, we will become increasingly concerned with the quality of our learning.

Therefore it seems to me that in the next few years this is going to become a matter of great urgency in Canada. Already in the United States of America there is considerable debate in this field. In both our countries for a long period of time we have had, in a limited sense, federal aid in this area. But if we are to use the full resources of our great nation to cope with this problem, much greater financial commitment will be required and this, to me, inevitably suggests federal aid. Thus we shall need to be concerned about national standards of education. Before we determine the question of national policies we shall have to resolve the issue of national commitment to educational values and purposes, bearing in mind at all times the priority and the interests of the provinces. The improvements which will result are long term in their nature, but surely there are immediate steps which will have to be taken in determining the priority which Canada as a nation should give to this commitment.

This is a major issue in Canadian life and it is of itself complex and difficult to resolve. However, this particular subject is further complicated by the introduction of other issues and other factors, and the resulting complexities and controversies are likely to lead to general paralysis and failure. As a young man I might be expected to be naturally optimistic, and I say that, now we are on the threshold of putting a man on the moon, we can surely resolve this dilemma. To be sure, it will be a major test of our ingenuity, our understanding and our goodwill. It will be necessary for us to resolve this dilemma and to produce an acceptable formula. What are parliaments and politicians all about, if it is not to seek solutions to human problems?

While these past two sessions of parliament have been hectic and turbulent they have nevertheless been among the most productive in the legislative history of our country. I would hope, as I am sure do all hon. members, that the coming session will be even more productive in the legislative sense, if somewhat less turbulent and hectic. I feel certain that when we have had an opportunity to study the address we have just heard we shall conclude that it contains much hope and promise for the future.

In the past two years the Prime Minister (Mr. Pearson) has shown a rare and perceptive talent in dealing with the particular and urgent problems of this nation. Perhaps more than any other man he understands the nature of our country. Therefore, Mr. Speaker, when I think of the challenges which face Canada today I am confident that he is acutely aware of the situation and magnificently equipped to deal with them.

I am very much aware, too, that there may be among Canadians great division of thought as to how we should approach the challenges of the so-called affluent society. The decisions to be made will be complex and awesome in their magnitude. However, all the wealth of technology and scientific information which is at our fingertips surely opens to us new vistas and new horizons, making us dream dreams which can become realities. My concern—and I am sure it is the concern of all hon. members—is that we should utilize these opportunities to the maximum in order to bring a better life to our people, a life of quality and purpose.

Mr. Speaker, we ought not to be unduly concerned about the prospects of great

national debate on the direction this country should take in the fulfilment of its destiny. We ought to remember that there are many ways by which to go forward but only one way to stand still.

I move, seconded by my hon. friend from St. Maurice-Lafleche (Mr. Chrétien):

That the following address be presented to His Excellency the Governor General of Canada:

To His Excellency General the Right Honourable Georges P. Vanier, Companion of the Distinguished Service Order, upon whom has been conferred the Military Cross and the Canadian Forces' Decoration, Governor General and Commander-in-Chief of Canada.

May it please Your Excellency:

We, Her Majesty's most loyal and dutiful subjects, the House of Commons of Canada, in parliament assembled, beg leave to offer our humble thanks to Your Excellency for the gracious speech which Your Excellency has addressed to both Houses of Parliament.

[*Translation*]

Mr. Jean Chrétien (St. Maurice-Laflèche): Mr. Speaker, I would like to thank sincerely the members on both sides of the house for the very warm welcome I was given this afternoon. His Excellency the Governor General apprised us this afternoon of the contents of the speech from the throne for the third session of Canada's twenty sixth parliament, and I am sure that all members join with me in expressing, through you, Mr. Speaker, our great pleasure in seeing that he is in better health than ever, and the French speaking members in particular would like to let him know how proud they are to see this compatriot fulfil with so much nobility the duties of governor general.

[*Text*]

I hope you will permit me, Mr. Speaker, on behalf of every member of this house to express my sincere congratulations to my hon. friend from St. John's West (Mr. Cashin) on the very good speech he has just delivered. He showed a real interest in the affairs of this country and great hope for its future. The constituents of his great riding can be proud of him. When we have the opportunity to work with men of his capacity coming from Newfoundland we begin to think it was perhaps not such a bad piece of work when Mr. St. Laurent brought this great province into confederation.

• (4:40 p.m.)

[*Translation*]

Mr. Speaker, I wish to thank the Prime Minister (Mr. Pearson) for extending to the constituency of St. Maurice-Laflèche the honour of asking its representative to second the address in reply to the speech from the throne.

The riding of St. Maurice-Laflèche is almost completely urban. It comprises three main cities, including Shawinigan, a greatly industrialized town with its aluminum plant, its manufacturers of chemical products and its pulp mill. Grand'Mère is another industrial centre, with a pulp mill and textile and footwear manufacturers. Eighty miles north is the town of La Tuque with its huge paper mill.

I do not have to dwell upon the beauties of the landscape, because my riding extends for a hundred miles on each side of the important St. Maurice river, which carves its way through the most beautiful of the Laurentian mountains. The journey from Grand'Mère to La Tuque on an October day is surely one of the most magnificent one could make.

Even though the situation has improved in the last 18 months, my riding is still up against the current problems facing the country: some degree of unemployment, automation and insufficient economic development.

Fifteen years ago, Shawinigan, in particular, was a city in the province of Quebec with an extensive labour market for fairly well trained manpower. Industry offered great opportunities and the workers were alert and highly syndicated. However, industrialists were ill prepared for and unaware of labour problems and the workers themselves were sincere but impatient. A series of major labour troubles took place which brought about great changes in the industries and the lay-off of workers; labour was replaced by automation, and with the economic situation of the country deteriorating very rapidly after 1958, our area experienced severe unemployment in 1961-62, and was unable to provide work for even the most skilled new workers. The exodus of our young graduate technicians, well prepared for a technical career, was a tragic thing. May I point out, Mr. Speaker, that in 1961, while I was teaching graduates at the Technological Institute of Shawinigan, 10 students only out of 100 intended to remain on the local labour market.

And this brings me to the heart of the matter, that is, the role of the state in the economy of the country if we wish to remedy situations such as these.

Canada is one of the wealthiest countries in the world. We boast about the resources of our society. It is true that Canadians generally enjoy a high standard of living, but it is also true that 25 per cent of our people do not live yet according to our wealth, but under

conditions which should not be tolerated in a modern, honest and generous society.

The days are past when the individual, entirely on his own, without any help and trusting in God alone, had to fight his way to the top. The golden days of the Rockefellers, the Vanderbilts and the Fords is practically over.

Today the situation is quite different and no one should hope for the return of that individualistic society. In the last 50 years our country has turned more and more toward collectivism, and what MacKenzie King advocated in 1918 has become a reality with the passing recently of social security measures such as the labour code and the pension plan, and with the forthcoming medicare plan. All those projects have been translated into legislation, thanks to the party which sits on this side of the house.

It is obvious that the Liberal party, more than any other, has understood the great currents of history, has seen the changes happening throughout the country and has found solutions which have brought about the collectivist society we know today. In its philosophy, its leadership and its policies, the Liberal party has kept in touch with the traditional trends of thought and action, but it has always understood the evolution of our society. That is why today it is advocating the two attitudes necessary to our country's development, namely economic planning within the administration and the establishment of a new way of life for the two groups which constitute our great nation.

Last December the Economic Council of Canada submitted its first report setting out the objectives Canada should try to attain for 1970.

This report did not receive all the publicity it deserved on account of difficulties experienced by parliament at that time, in December last; however, I believe that it was a turning point in our economic and political history. Now, of necessity, the political parties will have to reckon with the report the Economic Council of Canada will submit every year. The annual report will become the basic document for the Canadian electorate inasmuch as it will reflect the economic situation of the nation.

If Canada is to have full employment and achieve the standard of living set by the council, the government will have to tackle resolutely the most serious problem facing this country: the standard of living in rural areas of the east and unemployment in small urban centres far from the big cities.

[Mr. Chrétien.]

The designated area program has surely been helpful to many regions close to the great economic centres of Canada but it has not been successful everywhere. For instance, it did nothing for the town of Shawinigan, even after it was designated but it was beneficial to other communities in the same district.

I am glad to see that the speech from the throne mentions that the government intends to revise its program to improve it and provide assistance for areas where the standard of living is too low and unemployment too widespread. That is most welcome because we have to rid Canada of any form of pauperism. Every corner of this land must provide for its inhabitants a decent standard of living, one which befits our wealth.

Inasmuch as the standard of living depends directly on productivity, the necessary agencies must be established to enable people who lose their jobs to re-establish themselves as an asset in the economy by finding a job as soon as possible. To do that the government will have to set up also a more dynamic program for the re-training of those workers displaced by automation, and a more modern policy as far as the mobility of workers is concerned.

Why not set up a financial assistance program for people who must move to another city in order to take a new job because of automation?

I am convinced that the Liberal party, which was always in the van in the field of social policy in Canada for the past 50 years will tackle with vision and determination, within the scope of the economic objectives set up by the economic council, the retraining of displaced workers, the mobility of manpower, as well as productivity and industrial decentralization so that every area in Canada might become a comfortable oasis for every citizen. I am happy to see that the speech from the throne provides for the study of new programs in this respect.

However, the most prosperous nation would not be happy without the flame of ideals burning in the heart of its youth. We see that young people, especially in the province of Quebec, are not interested in federal politics, and that the climate of tension which prevailed in this house where it took weeks and weeks to settle ordinary problems has simply aroused their indignation.

This is why it is urgent to establish for the young people imaginative programs of action which will stimulate their spirit of dedication and service and their ideals. I am

particularly happy to see in the speech from the throne that the Prime Minister, who has always loved and trusted young people, intends to submit to parliament a program designed to fill the vacuum in this field.

Would it not be marvellous if very shortly French and English young men and women who wish to devote a few years of their lives to check poverty, disease and illiteracy, could together, here and abroad, undertake this task, while getting to know one another better? What an asset it would be for our country to see hundreds of members of the future elite spend a few years working toward a common goal and learn to know one another better.

Now, Mr. Speaker, will Canada survive as a country? Will we be able, in the years to come, to establish in Canada a way of life where the two founding language groups of our country will work in harmony toward the establishment of an exceptional society? Being interviewed by the writer Terence Robertson, the Prime Minister stated: "Canada is a federation in which the two founding language groups must be partners. It is only by admitting this fact that Canada will be able to remain united". The Quebeckers are eager to stay within the Canadian confederation. The French fact was established on the shores of the St. Lawrence more than 430 years ago. Until now we have encountered very serious difficulties, but we have made it clear that we are on the American soil to stay and that we shall stay and shall keep on speaking French. We fought too hard a battle to retreat now. There is not a single French Canadian who would disown his past. The last two centuries have been particularly difficult, but now, in 1965, French Canada has regained confidence and would like its partner, English Canada, to recognize its existence and its strength.

It is not because the province of Quebec is now going through a sort of quiet revolution that English speaking Canada should be concerned. On the contrary, they should be delighted about that and try to understand what is going on in the St. Lawrence valley. Those who have been observing the economic, social and political development in the province of Quebec during the last five years have often said that the province is making a tremendous effort to keep abreast of the twentieth century. There is a great deal of truth in that. Most Quebeckers are fully aware of being involved in a genuine and enormous social movement to make up for lost time, make good past mistakes and adapt to the progress which we rejected or ignored for too long.

However, Quebec is not only striving to achieve the average standard of living in Canada. It is striving today to establish itself in the van of social progress throughout the world—it wants to show the way to modern and progressive societies.

To us French Canadians, there is a double challenge involved in such a desire. First, to establish beyond any question the vitality and boldness of the French reality in North America and our capacity to make a positive and unique contribution to Canadian life, to the development of the whole Canada and, second, to justify through our ability and work our claims for a full participation in all major activities in Canada—government, business, arts, science, professions, and that in view to strengthen and make more dynamic the Canadian nation.

In that sense we are trying to make a place for ourselves within confederation. We realize that for too many years we did not play any part in many aspects of our Canadian life—a part which it was our responsibility and our right to play—but for various and complex reasons including surrender on our part of some of our responsibilities and a certain measure of resistance on the part of English speaking Canada.

From now on, things will change. Today we intend to become an equal and responsible partner in this common enterprise. As a matter of fact, a full partnership is the only sound alternative to separation. Only when we are full-fledged members of the Canadian family with all the rights and responsibilities that follow shall we feel really at home in Canada. Only when we have invested our normal share in Canadian life and take upon ourselves the rights and privileges, shall we consider ourselves the true partners in confederation.

With his broad-mindedness and his sense of history the present Prime Minister has recognized, as no one had done before, that Canada will only survive provided that the two founding ethnic groups can live as truly equal partners. History will do him justice in this regard, while French Canadians will be deeply grateful to him.

• (4:50 p.m.)

[*Text*]

You can well imagine, Mr. Speaker, that this atmosphere of building a new society in Quebec is tremendously exciting and challenging. It makes Quebec the most

dynamic and invigorating part of Canada to live in today. People in the midst of this movement are totally committed to it, and it is very stimulating to work with them.

As you can see, we are in the middle of a revolution, a quiet one, and it is a terrific experience. Consequently Quebeckers are perhaps too much preoccupied with and interested in that business and are not enough interested in the federal government. A small part even look at Ottawa with contempt. But if we in Canada now decide, as I am sure this government will, that it is time to introduce the same fascinating challenge into federal politics, we must devote all our interests to building a country totally different from the United States, totally different from the point of view of mentality, culture, education and social security, a country with much more equality between the rich and the poor, with equal opportunity for the son of a farmer and the son of an executive, for the English speaking Canadian and the Canadian who speaks French, for both white and black. If we work seriously toward these goals you can be sure that the Canadians who speak French will put into federal affairs the same spirit that we find in the quiet revolution, and we will witness in Canada a good and revitalizing experience.

[*Translation*]

If, during this third session of the twenty sixth parliament each member felt a little less Liberal, Conservative, N.D.P. or Creditiste, and a little more Canadian, we would make large strides toward a united Canada, where the two founding nations could benefit from a higher standard of living. Let us study with composure the magnificent legislative program introduced in the speech from the throne that His Excellency the Governor General of Canada has just delivered.

For these reasons I have the honour of seconding the motion of my hon. friend, the hon. member for St. John's West (Mr. Cashin), for an address in reply to the speech from the throne.

[*Text*]

On motion of Mr. Diefenbaker the debate was adjourned.

On motion of Mr. McIlraith the house adjourned at 5.02 p.m.

HOUSE OF COMMONS

Tuesday, April 6, 1965

The house met at 2.30 p.m.

EXTERNAL AFFAIRS

VIET NAM—TABLING OF REPORT RESPECTING WITHDRAWAL OF TEAMS

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to table the text, in French and in English, of the report of February 27 from the international commission for supervision and control in Viet Nam, dealing with the withdrawal of the commission's fixed teams from North Viet Nam at the instance of the government of North Viet Nam.

VIET NAM—SPEECH BY PRIME MINISTER IN U.S.

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would like to direct a question to the Prime Minister, but first I want to congratulate him on the honour bestowed upon him on Friday evening by the presentation of the peace award at Temple University.

I wish to ask him whether the enunciation of his views regarding the Viet Nam crisis represented a cabinet decision. I ask this because of the fact that on Friday afternoon the Secretary of State for External Affairs, in his version of the situation and Canada's views, expressed a somewhat dissimilar attitude to that of the Prime Minister in his extramural speech.

Right Hon. L. B. Pearson (Prime Minister): When I spoke, Mr. Speaker, I was of course speaking as the leader of the government, with the knowledge and approval of my colleagues. What I said did not in my view contradict in any way what was said by the Secretary of State for External Affairs, but may have gone a little further than he went on Friday afternoon.

Mr. Diefenbaker: Would the Prime Minister say whether the reaction of the President of the United States indicated that the suggestion of a pause, measured or otherwise, was refreshing to him?

Mr. Pearson: He was very interested in it, Mr. Speaker.

Mr. Diefenbaker: Before the Prime Minister made his speech had he discussed the matter in any way with the officials of the Department of External Affairs, and had there been any exchange of views in this respect with the United States administration before the speech was delivered?

Mr. Pearson: Mr. Speaker, statements on external affairs are normally discussed with the Secretary of State for External Affairs who takes the responsibility for discussions in his department. The particular statement on Friday night was not taken up with the United States government or any United States authority before it was delivered, although our views in general in regard to Viet Nam were well known to them.

• (2:40 p.m.)

Mr. T. C. Douglas (Burnaby-Coquitlam): My question is addressed to the Prime Minister, and it has to do with a press conference which he and President Johnson held at Camp David. Reports indicate that Mr. James Minifie asked the Prime Minister to express his views and those of the government, and the Prime Minister is quoted as having said that the Canadian government both supported and approved of United States policy and Viet Nam. I wish to ask the Prime Minister if this is an accurate report of his comments at that press conference.

Mr. Pearson: I will be glad to send the text of what I said to the hon. gentleman. I do not have that text with me, as it was taken down, but subject to correction in detail I said this government had supported the policy of the United States in Viet Nam and wished to be able to continue that support.

TANZANIA—ASSISTANCE IN AIR FORCE EQUIPMENT AND TRAINING PROGRAM

On the orders of the day:

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I should like to answer a question asked me last week by the member for "Reindeer"—

Some hon. Members: Oh, oh.

Mr. MacEwan: Santa Claus.

An hon. Member: You have been riding reindeer.

Mr. Muir (Cape Breton North and Victoria): Just call him Rudolph.

Mr. Martin (Essex East): Mr. Speaker, as the hon. gentleman just said, I must have been riding reindeers. This is a consequence of suffering from the 'flu. In reply to the question asked me by the hon. member last week I should say that in response to a request from the government of Tanzania, the Canadian government has stated its willingness to co-operate with the government of that country in an air force equipment and training program. The establishment of an air transport wing, by providing increased mobility, will complement the advisory and training assistance Canada is already extending to the Tanzanian army. The assurance of stability, which depends in part on adequately trained and equipped security forces, is a prerequisite to sound economic and social development.

A Canadian survey team will be sent in a fortnight to examine, in consultation with the Tanzanian authorities and in the light of Canadian capabilities, how Canada can best assist in this matter. The detailed program to be agreed between the two governments will be based on the team's findings. The Canadian government welcomes this further development in the friendly relations between our two commonwealth countries.

I think this was an oral question. I do not know whether that makes any difference, but it was an oral question.

Mr. Churchill: I think you are out of order.

Mr. Martin (Essex East): I think it is important that at the earliest opportunity we should show our interest in this commonwealth country.

ADMINISTRATION OF JUSTICE

LUCIEN RIVARD—INQUIRY AS TO WHEREABOUTS

On the orders of the day:

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I would like to direct a question to the Minister of Justice.

During the long recess did the minister have any contacts with the attorney general of the province of Quebec to find out if Lucien Rivard had been seen somewhere or if he is still at large without anyone knowing his whereabouts?

Hon. Guy Favreau (Minister of Justice): I understand, Mr. Speaker, that this follows up a question that was asked recently by the hon. member for Villeneuve.

In reply I must say that, during what the hon. member calls the recess, I had no special contacts with the attorney general of the province of Quebec on that matter, but after the questions which were asked last week as to whether the police was continuing its searches, I inquired from my sources of information, and I wish to tell the house that the police is actively maintaining its activities.

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

Does the minister know, for instance, that Lucien Rivard is definitely not in the county of Villeneuve?

Mr. Béchard: One can never tell.

[*Text*]

[*Later:*]

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I want to ask the Minister of Justice a supplementary question related to the answer he gave the hon. member for Villeneuve. If I understood him correctly I believe he said he had corresponded with the attorney general of the province of Quebec regarding the search for Rivard. If I did not catch the minister's answer correctly, then I would like him to repeat it.

Mr. Favreau: What I said was that during the long interval referred to by the hon. member for Villeneuve I had no occasion to have any special communication with the attorney general of Quebec, but further to questions which had been put last week I had inquired from my own sources of information and ascertained that the investigation by the police is being pursued.

Mr. Douglas: Then the supplementary question I want to ask is, are we to assume from the minister's answer that he considers the responsibility for pressing the search for Rivard lies with the authorities in the province of Quebec?

Mr. Favreau: I made no such answer, Mr. Speaker, and I think my previous answers speak for themselves in this respect. I said that all police forces in the country were pursuing a co-operative effort in this direction.

Mr. Eric A. Winkler (Grey-Bruce): As a supplementary question, is the minister satisfied that every possible effort is being put forth to apprehend one Lucien Rivard?

Mr. Favreau: I answered that early last week, Mr. Speaker.

MINISTERS SUBPOENAED TO APPEAR IN QUEBEC SUPERIOR COURT ACTION

On the orders of the day:

Mr. Erik Nielsen (Yukon): Mr. Speaker, I have a question for the Minister of Transport. Has the minister received a subpoena to appear in the superior court of Quebec today on the hearing of a petition of Autair Helicopters Limited against Atlantic Helicopters Limited as respondent and the Minister of Industry as *mis-en-cause*?

Hon. J. W. Pickersgill (Minister of Transport): Yes, sir.

Mr. Nielsen: Does the minister intend to appear today to give testimony in those proceedings?

Mr. Pickersgill: Mr. Speaker, the minister and certain other members of the government are represented there by counsel, and as this is a matter before the courts I am sure we would not wish to debate it here.

Some hon. Members: Oh, oh.

Mr. Bell: You don't like that subject, eh?

Mr. Nielsen: A supplementary question, Mr. Speaker. Has the President of the Privy Council received such a subpoena to appear in the same proceedings today in Montreal?

Hon. G. J. McIlraith (President of the Privy Council): Yes, Mr. Speaker.

Mr. Nielsen: Is it the intention of the President of the Privy Council to appear today—

Some hon. Members: Order.

Mr. Nielsen: —in compliance with the lawful order issued by that court?

Mr. MacEwan: They are above the courts; they have shown that.

Mr. McIlraith: Mr. Speaker, I and other members of the government are represented by counsel in that case, and the matter is before the courts and should not be discussed in the house.

Mr. Nielsen: Mr. Speaker, may I ask a supplementary question of the Prime Minister. Is it his intention or the intention of any member of the government to introduce a motion in this house to allow the three ministers concerned to appear; and if he does not wish to take this responsibility, would he prefer the opposition to introduce such a motion?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think it is necessary for me to take that responsibility. If the opposition wish to do so, that is their responsibility.

[*Later:*]

Mr. Nielsen: I have a further question for the President of the Privy Council, supplementary to the one I asked of him and the Minister of Transport. Is the President of the Privy Council aware that subpoenas in the same proceedings referred to previously have been served upon George Davidson, secretary of the treasury board, Mr. Brekelmans, director of the contracts division of the treasury board—

Mr. Speaker: Order, please. Surely this question is not in order. I will not say it is not a matter of public knowledge, but it is not so pressing, and I do not see how it particularly concerns the chamber at the present time. I do not see the purpose in the hon. member asking that type of question. With regard to ministers it may be in order, but with regard to other people surely it is outside the direct concern of the house.

Mr. Nielsen: The purpose is to establish whether or not the government is co-operating with the courts of Quebec in looking into this matter.

Mr. Speaker: Order. I now understand the purpose, but it seems to me the purpose as expressed is an allegation, not a question.

Mr. Nielsen: It is no allegation whatsoever.

Some hon. Members: Order.

Mr. Nielsen: With due deference to Your Honour—

Mr. Speaker: Order. I think this matter has been discussed sufficiently this afternoon.

Mr. Nielsen: Mr. Speaker, if you are ruling my question out of order on the grounds of urgency I give notice that I wish to raise the matter at ten o'clock this evening.

NATIONAL DEFENCE

INQUIRY AS TO PROCUREMENT OF NEW TACTICAL AIRCRAFT

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I have a question for the Minister of National Defence. Last week the minister made a statement in Edmonton with regard to the replacement of a major aircraft used by the armed forces of Canada. He indicated at that time that it would be a very few days before a decision would be reached. Has

this decision been arrived at, and is the minister able to tell the house what it is?

Hon. Paul Hellyer (Minister of National Defence): Not yet, Mr. Speaker.

Mr. Lambert: Can the hon. gentleman tell us how often we are going to get these "very few days"?

Mr. Hellyer: Often, Mr. Speaker.

INQUIRY AS TO RECONSTITUTION OF HOUSE COMMITTEE

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I wish to direct a supplementary question to the Prime Minister.

Does he intend to propose to the house that the special committee on national defence be revived this session so that it may continue its work?

[*Text*]

Hon. Paul Hellyer (Minister of National Defence): Yes, Mr. Speaker, it would be the intention of the government to reconstitute this committee during the course of the present session.

AIR CANADA

WINNIPEG MAINTENANCE BASE—TRANSFER OF EMPLOYEES TO MONTREAL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for the Minister of Transport. In view of protests from Winnipeg concerning the continuing transfer of persons in the employ of Air Canada from Winnipeg to Montreal can the minister say whether something might be done to meet the request that these transfers be halted, at least until the report of the Thompson inquiry is made available?

Hon. J. W. Pickersgill (Minister of Transport): I dare say the hon. gentleman received the same telegram as I did; I gather it was sent to a number of hon. members. I had some immediate inquiries made of Air Canada about this. Perhaps I might be allowed to communicate to the house the information which Air Canada gave my office. It is to the effect that Air Canada has been meeting with the chairman of lodge 714 for western Canada and the chairman of lodge 1751 for eastern Canada of the union in question in the course of the general negotiations which are taking place at the present time, and both chairmen feel that the action taken by Mr. Peterson in his telegram to the minister was neither legal or proper, and that general chairman Smith of lodge 714, who is in Montreal now, is preparing a telegram to Mr. Peterson accordingly, a copy of which is to be sent to me.

I think until I receive that communication it would be unwise for me to make any other comment apart from what I have said many times in the house, namely that Air Canada has undertaken not to make any transfers except those required by the collective agreement.

Mr. Knowles: Will the minister find out whether that undertaking has been kept to the letter?

Mr. Pickersgill: The last information I had, sir, was that it was. I am expecting a further report, and if there is any difference I will communicate it to the house.

Hon. Gordon Churchill (Winnipeg South Centre): A further supplementary question, Mr. Speaker. Would the minister check with regard to the number of personnel who have been transferred, because the figure of 90 given in the telegram greatly exceeds the figure in the answer the minister gave to me in the house a few days ago.

Mr. Pickersgill: I am well aware of that, sir, and I will be very glad to check.

PUBLIC SERVICE

PENITENTIARY SERVICE—RECONSIDERATION OF SALARY REVISIONS AND CLASSIFICATIONS

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Minister of Justice. I wonder whether the minister's attention has been drawn to a press release of the civil service association relating to the emergency conference in Ottawa next week to protest inadequate salary revisions and classifications for the penitentiary service. What steps will the government take to solve what the association calls "the severe anomalies"; and second, will the matter of salary scales be reconsidered?

Mr. Speaker: This surely is a question for the order paper. A detailed answer can be given there.

• (2:50 p.m.)

BUSINESS OF THE HOUSE

ANSWERS TO QUESTIONS ON LAST SESSION'S ORDER PAPER

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, I should like to ask the Prime Minister, in view of the answer given by the minister of external affairs to a question asked last week in the other session of parliament, whether the Prime Minister will now arrange to have answers given to the 127 written questions which remained unanswered at the end of that session.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I believe that according to the rules they should be put on the order paper; then they will be answered.

AGRICULTURE

QUEBEC—ASSISTANCE TO MAPLE SYRUP PRODUCERS

On the orders of the day:

[*Translation*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, I intended to address a question to the Minister of Agriculture, but as he seems to intend to be just about as assiduous during the new session as he was during the last, I will therefore, in his absence, address myself to the Prime Minister.

Considering that maple sugar producers had a poor crop last year in eastern Canada but did not get any subsidy from the federal government and considering that the situation does not seem to be better this year, does the Prime Minister intend to take immediate steps to help the farmers concerned as soon as necessary if present conditions do not improve?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): I will be glad to look into this matter, Mr. Speaker.

CANADIAN BROADCASTING CORPORATION

SUGGESTED PROVISION OF FUNDS ON TEN YEAR BASIS

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Secretary of State. Is it the intention of the C.B.C. to send their employees into the constituencies of members who disagree with the views of the president of this corporation over the financial arrangements inherent in the proposed ten year charter, as has occurred in my constituency?

Hon. Maurice Lamontagne (Secretary of State): I will take this question as notice, Mr. Speaker.

Mr. Coates: A supplementary question. I wonder whether the Secretary of State might also indicate what are the intentions of the government toward the proposal made by the chairman of the board of broadcast governors as to giving the C.B.C. specific directions as to its duties, especially in so far as finances are concerned.

Mr. Lamontagne: Mr. Speaker, the intention of the government is to present amendments to the Broadcasting Act during this session, as was announced yesterday.

TRANSPORT

CONSIDERATION OF REPRESENTATIONS RESPECTING RAIL LINE ABANDONMENT

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Transport. Is it the intention of the government to enable the committee on railways, canals and telegraph lines to receive further representations regarding rail line abandonment before the government proceeds with the proposed railway legislation?

Hon. J. W. Pickersgill (Minister of Transport): I would think, sir, that it would be rather difficult to take that course before the bill was introduced, but I would be quite prepared to receive any representations myself, or to arrange to have them received by my department.

FINANCE

INQUIRY AS TO NEW CANADA-U.K. TAX AGREEMENT

On the orders of the day:

Mr. D. W. Groos (Victoria, B.C.): Mr. Speaker, I have a question for the Minister of Finance which is of considerable importance to a large number of people in my riding and across the country.

Some hon. Members: Order.

Mr. Groos: It is urgent because, as I understand it, the present arrangements concerned come to an end today. Can the Minister of

Finance tell the house the point which has been reached in negotiations with the government of the United Kingdom with respect to a new arrangement covering personal income and corporation tax arrangements between our two countries?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker—

Some hon. Members: Oh, oh.

Mr. Gordon: I might say, Mr. Speaker, that my hon. friend did not give me notice of his question until after today's proceedings had begun.

Mr. Starr: You mean you gave him the question.

Mr. Gordon: I had expected that some member of the opposition might be on to this, so I am ready to reply. Meetings to discuss the new agreement were held in Ottawa in September and October of 1964. At these meetings a draft for a new agreement was prepared by officials, but this draft has not yet been approved.

In negotiating tax agreements Canada has always attempted to have the agreement provide that pensions and annuities of all kinds should be liable for tax only in the country where the recipient of the pension is a resident.

It was understood that the U.K. authorities would inform Canada whether they could agree to the draft prepared in Ottawa, but shortly thereafter the situation was changed by a new government taking office in the U.K. and the new chancellor of the exchequer's announcement that the form of the tax on corporations in the U.K. would be completely changed following the 1965 budget. Canada would not want to conclude a new agreement until it has studied the new taxes to be imposed in the U.K., which were announced this morning, and it is believed that the U.K. authorities have not wanted to continue the negotiation of a new agreement until details of the new U.K. taxes could be made public.

CONSIDERATION OF PROPOSALS RESPECTING EXCHANGE FUND

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to address a question to the Minister of Finance. In view of the interest of numerous mining communities and other groups, and editorial comment in connection with the proposals by General Charles de Gaulle of France for that country, and later in this house by Sergeant Murdo Martin of Timmins, with the sympathy of Staff Sergeant MacLean of Charlotte, with respect to the conversion of a larger percentage of the Canadian exchange fund into gold, would the minister consider referring this very important fiscal matter to the banking and commerce committee for the hearing of evidence, study and a report to this house for the enlightenment of members so they will understand what is actually involved in this very complicated question?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the hon. gentleman was kind enough to give me notice of this question and I should like to give a full answer, omitting perhaps the reference to Sergeant Murdo Martin. I did not appreciate his interest in this matter.

Canada currently holds close to 40 per cent of her official reserves in the form of gold and the rest in the form of United States dollars, most of which are invested in short term obligations of the United States government. While the proportion of gold in our reserves will alter somewhat as the level of our reserves changes from time to time, the government is fully confident of the ability of the United States to protect the value of its currency in relation to gold and is a willing holder of United States dollars. Indeed, in contrast to gold holdings, which pay no interest, our U.S. dollar investments have earned more than $188 million in foreign exchange over the past five years.

The government is quite satisfied with the composition of our reserves; therefore I can see no advantage in referring the question to the banking and commerce committee, which I hope will soon be fully occupied considering revisions to the banking legislation.

ROYAL CANADIAN MOUNTED POLICE

REPORTED INTENTION TO CHANGE UNIFORM

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Justice asking him whether it is a fact that the old, historic force, first known as the Royal Northwest Mounted Police and the Royal Canadian Mounted Police, is now being divested of its stetsons, spurs, riding breeches, riding boots and Sam Browne belts, except for parades; and does he not feel that this historic force which did so much to hold the

west for the British crown deserves better than this kind of treatment?

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I would ask the minister to give us an answer to that question.

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I will be very glad to look into that question and report on it later.

Mr. Diefenbaker: Mr. Speaker, this is taking place at the present moment, and I should like the minister to indicate the reason this force is being treated in this way. Are they going to do away with the word "royal" in the name as well?

[*Later:*]

Hon. Michael Starr (Ontario): I should like to ask the Prime Minister whether the Minister of Justice had advised him, prior to today, about the changes to be made in the uniforms and equipment of the R.C.M.P.

Right Hon. L. B. Pearson (Prime Minister): I do not recall that the Minister of Justice, among his many duties, has advised me about any possible change in the uniform of the R.C.M.P.

• (3:00 p.m.)

CANADIAN CONSTITUTION

CONSIDERATION BY HOUSE COMMITTEE OF AMENDMENT FORMULA

On the orders of the day:

Mr. Andrew Brewin (Greenwood): I wanted to ask a question of the Prime Minister. Is the absence of any reference in the speech from the throne to the appointment of a committee of this house to examine any changes that may be desirable in the constitution, and to examine the proposed constitutional amending formula with which the public is concerned, an indication that the government does not intend to move for the appointment of such a committee at this session?

Right Hon. L. B. Pearson (Prime Minister): The procedure for dealing with this important matter, when it comes before this house on the assumption that it will have been approved by all the provinces, will be determined later.

[*Translation*]

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, I should like to ask the Minister of Justice a supplementary question concerning the formula for the repatriation of the constitution.

I understand the minister is not very good at bluffing at poker, so I am sure to get a straight answer.

Could he tell the house whether he agrees with the premier of Quebec when the latter states that the repatriation formula will not be a strait-jacket for Quebec but only for Ottawa?

[*Text*]

Mr. Speaker: Order, please.

NATIONAL CAPITAL COMMISSION

SUGGESTED CONFERENCE WITH MUNICIPALITIES RESPECTING AMENDMENT OF ACT

On the orders of the day:

[*Translation*]

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I should like to put a question to the Minister of Public Works.

Could he inform the house whether the government intends to call a conference of the municipal authorities of the national capital area, in order to consider them with the advisability of amending the National Capital Act?

Hon. Lucien Cardin (Minister of Public Works): Mr. Speaker, we propose to call together the mayors of Ottawa and Hull with a view to improving relations between the central government and the municipalities in question.

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

Does the government intend to admit the mayors of these two municipalities to the national capital commission?

Mr. Cardin: Mr. Speaker, the objective of the government is to reach greater co-operation and better understanding between the federal government, the municipal authorities and the national capital commission.

The question now is one of finding the best course of action to take in order to get this co-operation, and I wonder whether participation or admittance of the mayors of these two cities to the commission would be the best course.

[*Text*]

SHIPPING

INQUIRY AS TO RESUMPTION OF SHIPBUILDING SUBSIDIES

On the orders of the day:

Hon. Léon Balcer (Three Rivers): I should like to ask the Minister of Transport if

he can say how long shipbuilding subsidies are to be suspended, and if he can say the precise date when the program will be resumed.

Hon. J. W. Pickersgill (Minister of Transport): I think it would be difficult to do that, sir. The matter is under careful review. I think I indicated there was a large backlog of shipbuilding in the shipyards, and of course the Canadian Vessel Construction Assistance Act is still in operation.

[*Later:*]

Mr. G. L. Chatterton (Esquimalt-Saanich): May I ask a supplementary question of the Minister of Transport. Is the government considering announcing that any ships that might be built during this waiting period, if the subsidy is reintroduced, would be eligible?

Mr. Pickersgill: No, sir.

HOUSE OF COMMONS

ADOPTION OF RECOMMENDATIONS OF PROCEDURE AND ORGANIZATION COMMITTEE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Because of the urgency and importance, I should like to ask the Prime Minister if he is in a position to inform the house whether a government notice of motion will be placed on the order paper for consideration and, I hope, adoption by this house, accepting the procedural changes that were recommended by the special committee in its report at our most recent session?

Right Hon. L. B. Pearson (Prime Minister): This matter was dealt with in the throne speech and I hope I shall be dealing with it shortly. Perhaps my hon. friend will wait until then.

LABOUR RELATIONS

MARITIME UNION TRUSTEES—REQUEST FOR CONTINUANCE OF COMMITTEE CONSIDERATION

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to direct a question to the Minister of Labour. In view of the fact that the work of the industrial relations committee was not completed when the session ended, would he give consideration to immediately taking steps to reorganize this committee and set it at work again so we can complete our questioning of the maritime union trustees?

[Mr. Balcer.]

Hon. A. J. MacEachen (Minister of Labour): I would be glad to consider that suggestion.

Mr. Erik Nielsen (Yukon): May I ask a supplementary question. In view of proceedings now before the courts in the province of Quebec by way of *quo warranto*, will it be the intention of the government to reintroduce the same terms of reference for that committee as in the previous session?

Mr. MacEachen: Mr. Speaker, we have not yet discussed whether the committee will be reconvened, or a motion will be put on the order paper. As soon as I get a chance I will discuss it with my colleagues.

Mr. Starr: Does the Minister of Labour deem it advisable that the work of this committee should be completed in respect of the maritime trustees, as was originally anticipated?

Mr. MacEachen: Well, Mr. Speaker, the advisability of this motion will be considered by the government.

Mr. Nielsen: I have a further supplementary question arising out of the minister's reply to my first question. Is it a correct understanding of his reply that the government is considering not reconstituting that committee for the purpose of continuing its work?

Mr. MacEachen: The matter has not yet been considered by the government. It will be considered at an early date.

LABOUR CONDITIONS

UNION PARTICIPATION IN DISCUSSIONS RESPECTING SHORTAGE OF MINERS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): I should like to ask the Minister of Labour whether consideration was given to asking the representatives of the union concerned to participate in meetings now being held to discuss the shortage of miners and skilled workmen between the Canadian Metal Mining Association and the government departments concerned, in view of the government's policy on labour-management co-operation in manpower problems.

Hon. A. J. MacEachen (Minister of Labour): I am not aware that the union representatives have asked to present their views. If they do wish to participate and express their views, we will be delighted to co-operate with them.

Mr. Orlikow: I did not ask if they had asked, I asked whether the government gave

consideration to asking them to sit in right from the start.

Mr. MacEachen: This was a delegation from the mining industry coming forward to express its views on the manpower question. It was a meeting sought by the industry and treated as an industry meeting.

Mr. Orlikow: The reports are not of a meeting, but that joint working committees have been set up between the mining association and the government departments, an entirely different matter and one in which I think the unions should be involved.

URANIUM

PROGRESS OF DISCUSSIONS RESPECTING SALE TO FRANCE

On the orders of the day:

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs. Could he tell us what he plans to do about the sale of uranium to France?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Prime Minister answered that question last week.

[*Text*]

HEALTH AND WELFARE

ROYAL COMMISSION REPORT—INQUIRY AS TO CONFERENCE WITH PROVINCES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Can he say whether a date has been set for the meeting between the federal government and the provinces relating to health care, which was forecast in the throne speech of yesterday?

Right Hon. L. B. Pearson (Prime Minister): All I can say at the moment, Mr. Speaker, is that it will be after Easter. We are negotiating a date which will be suitable to all concerned.

Mr. Knowles: May I ask a supplementary question. Will the Prime Minister make known to the house, perhaps by tabling the correspondence, the agenda or terms of reference for that meeting?

Mr. Pearson: I see no reason why that should not be done if the provinces are agreeable.

• (3:10 p.m.)

CANADIAN NATIONAL RAILWAYS

TORONTO—LEASE OF UNUSED SPUR LINE FOR PARKING PURPOSES

On the orders of the day:

Mr. Ralph Cowan (York-Humber): I have a question I should like to address to the Minister of Transport. Would it be possible for the parking authority of the township of York to lease any of the right of way of the spur line of the Canadian National Railways lying north of the Canada Packers plant in Toronto, which spur line is no longer in use?

Mr. Speaker: Would the hon. member put this on the order paper?

Mr. Cowan: Ten o'clock.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Monday, April 5, consideration of the motion of Mr. Cashin for an address to His Excellency the Governor General in reply to his speech at the opening of the session.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, my first words must be of congratulations to the hon. member for St. John's West (Mr. Cashin) for the manner in which he discharged his responsibility in moving the address in reply, and to tell him that one of the things which particularly interest those of us who have long served in the House of Commons is to see young men and women coming along in the service, and the parliament of their country.

During the years I have been here I have heard many addresses, but I betray no confidence when I say that those delivered by the hon. member and the seconder were of high quality and revealed a manner of approach to the House of Commons and a delivery that did honour to them, to this chamber and to each and every one of us.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: As one who has tried to learn to express himself in French may I say to the hon. member for St. Maurice-Laflèche (Mr. Chrétien) that it is certainly most impressive when a young man is able to express himself so clearly, so cogently and so effectively as he did in both languages. Of course, Mr. Speaker, you would not expect me to add that I agreed with the arguments they advanced or with the extent of the

enthusiasm which they expressed for the contents of the speech from the throne.

I do not raise this by way of any objection whatsoever, but I think the course which has been followed through the years, with one exception in 1958, is one that deserves to be continued, namely that on the opening day the Governor General gives his speech on behalf of the government and on the day following the mover and seconder deliver their speeches. That enables a full and complete examination to be made of the subject matter of the speech, something which becomes very difficult when only a matter of a few hours is made available. I repeat that I am not raising any objection except to say I think it would have benefited complete and comprehensive discussion of the speech from the throne had that course been followed, even though it would have meant that the debate would not have been completed before the Easter recess.

On this occasion I do not intend to go into great detail regarding the legislative program. Other members will deal with particular subjects. However, I intend to review some portions of it and, if the Prime Minister will allow me to borrow his expression, I shall be taking a measured pause while he replies to me, so that some of the matters in connection with the speech from the throne may be more fully explained than they have been. Then I hope to have the privilege on a subamendment, if one is moved, of dealing with some of the arguments which the Prime Minister will be making.

• (3:20 p.m.)

I wish to say at once that any suggestions the government may advance for the purpose of making parliament more effective will, as always, receive my support. Parliament has suffered a great deal in reputation over the past two years. That is unfortunate, but the reason for it is clear and undoubted; it is that the government has failed to properly arrange the business of the house and has stumbled from fiasco to fiasco. Indeed, when mention is made of the auto parts agreement, there is only one part of it which would appeal to the government, namely the instrument which would provide for automatic reversing of the positions taken by hon. gentlemen opposite; because it is axiomatic that the house can always look forward with anticipation to a withdrawal, amendment or substitution with regard to each and every policy of any importance which is brought before parliament.

[Mr. Diefenbaker.]

I realize that the government say the reason more was not done during the recent session was because of obstruction. Well, anyone who holds that view has only to read the speech from the throne in which the government places in the mouth of the Governor General its views regarding the effectiveness of the session just ended, the second session of the twenty sixth parliament. From page to page in the course of that speech the Governor General sets out in detail the large amount of legislation which was placed on the statute books and the effective action taken by parliament during that session. I think it is well to read this; I do not intend to quote it in detail. It gives its own answer. Parliament suffers, but the reason for it is the countless follies of a government which has been accident prone from the first day it took over the administration of our country.

We have taken the stand, and we shall continue to take the stand, that when legislation which is beneficial is introduced we shall support it. We shall ask for changes and amendments. We have a responsibility to discharge, as we had on Friday last when as a result of the strong stand taken by Her Majesty's loyal opposition this government was prevented from securing the passage of amendments to statutes through the subtle means of supplementary estimates. We put an end to that, and I hope it is ended for all time to come.

We shall do what we can, each of us having a great responsibility in this regard, to make sure that parliament is made as effective as it is possible to make it without private members having their rights sacrificed or subverted in any way, and without the loss of the parliamentary mission. I know there are many who think that parliament should operate as a business. That is what Hitler thought. That is what Mussolini thought.

I know there are many who feel there should not be an opposition. Mr. Speaker, where there is no opposition, there you have dictatorship. Sometimes you get dictatorship even with an opposition, when a government refuses to give information. We had an example of this today in connection with that great force, the Royal Canadian Mounted Police. I asked a question in this regard. The responsible minister apparently has not talked to the Prime Minister about it. This is not the first time the Minister of Justice has failed to tell the Prime Minister of anything. If there is no foundation for the reports which have been appearing, then all I can

say is that they receive very considerable space in the press of our country.

Strange things are taking place within the mounted police. Some kind of auxiliary force is being set up. Parliament has not heard about this auxiliary force, said to number 800. We have not been told what it is to do and where it is to do it. We have been given no information. Why should parliament not have this information? Is it true that a body of extra mounties who will operate as irregulars has been set up?

I was amazed that the minister should have refused to answer today. He said he would make a statement in due course. Well, it is either true or it is not. If this is not taking place, why did he not answer? It is just in keeping with his attitude toward parliament as a former senior civil servant. That is what it is, disrespect; and disrespect which we as an opposition intend to expose to the glare of publicity.

I should add to what I have said about the changes which may be contemplated in our procedure, that if changes are to be made—and there have always been criticisms of parliament all through the ages—they must be made after full discussion in this house. I repeat what I said earlier, in effect. This institution, which means more to me than any other institution in our land, which is the embodiment of the concept of freedom, must not in any way be hampered by rules which are archaic. But rules should not be removed simply because they have been with us for a long time; they should only be removed or altered where there is reason for doing so.

Coming now to the speech from the throne, let me say this is a remarkable document in many ways. Scattered through the speech are old familiar friends who have been in previous speeches, the ghosts of good intentions in the government's past. Railroad legislation is now promised. It was promised last year and, I think, the year before. In the new session legislation will be brought down regarding Canadian magazines and Canadian publications. It used to be Canadian periodicals; now it is Canadian publications, which includes newspapers. We are promised bank amendment legislation, another old friend. All these things are in the speech from the throne.

I intend to refer in some detail to the various programs which have been here before. Reforming the procedure of the house is a subject that has been spoken of over and over again. Then it is said:

• (3:30 p.m.)

A measure to establish an age of retirement from the Senate will be placed before you.

I do not think anybody in the other place is going to be very frightened because, sir, last year this was on the order paper entitled "A measure to establish an age of retirement from the Senate". Then I mentioned the railways. This year it says:

You will be asked to consider comprehensive legislation to reform public regulation of the railways...recapitalization of the Canadian National Railways; and amendments to the Aeronautics Act.

We were told that last year. Much is made of the fact that a measure will be placed before the house to amend the Canadian Citizenship Act in order to ensure full equality of rights for all Canadian citizens wherever they were born. That was there last year, too.

As far as our farmers are concerned, Mr. Speaker, I notice that the Minister of Agriculture is not here, because after all he does not like parliament. He says he cannot understand this place, but he does think one of the prerequisites of a good education would be to serve in a cabinet for a while, where you would realize what it was to be "buffaloed". This was in a speech he gave the other day. With regard to agriculture it is said:

My government is developing new policies to enable farmers generally to achieve larger and more reliable incomes so that their living and working standards will be comparable to those enjoyed in other sectors of our economy. You will be asked to consider measures of special assistance to the family farm in both eastern and western Canada.

Last year the promise was:

A measure will be placed before you to provide for a minister responsible for rural development, in order that my government may carry further its policy of giving increased attention to the needs of agriculture in both eastern and western Canada. You will be asked to consider other measures to assist in the improvement of farms and of farm income.

It is just a little different wording but the same old promise which is placed in this compendium, which has all the earmarks of election propaganda.

Mr. Nielsen: They have forgotten the $2 wheat.

Mr. Diefenbaker: Then with regard to election expenses, this year they are going to make proposals with regard to the limitation and payment of election expenses, provided the findings of the committee of inquiry are received. Last year the com-

mittee was set up; this year there is the undertaking to bring about proposals for reform. Last year there was the undertaking to establish a committee on the procedure and organization of parliament. Then as far as trade is concerned there are two long paragraphs:

> Our country is achieving a high rate of economic growth. Trade is expanding.

All of that is true. It is true because of the fact that when the Diefenbaker government was in office—

Some hon. Members: Oh, oh.

Mr. Diefenbaker: —we acted in 1960—

Mr. Pearson: Wasn't it a Conservative government?

Mr. Diefenbaker: —and they have added nothing in particular. All they have done is to accept and envelope our policies which they criticized.

Some hon. Members: Hear, hear.

Mr. Nielsen: The Pearson government has done nothing.

Mr. Diefenbaker: Mr. Speaker, I look at these panjandrums who sit in the front benches. Lest anybody think that is an unparliamentary expression, sir, it is not; it simply means—

Mr. Nowlan: Stupid and ossified.

Mr. Diefenbaker: —self constituted magnificoes. What did these panjandrums say when we were in office? They said they were going to end the pegged dollar. They said it was wrong to trade with communist China. I could go through the whole picture of things which they criticized and which have become the cornerstone of their policies.

What have they to offer for agriculture? They were going to have two ministers of agriculture, and now we have got one who is never here. That is not quite fair; he is here on a stopover between trips. Sometimes he deigns to come. What about the position of agriculture across the country? What is being done by the government in the face of a fall in the price of wheat? What action are they taking? Where are the promises of $2 wheat, for which every one of those hon. members stood in 1963? It was repudiated in January of 1965 by the Minister of Agriculture? What has been done? What course has been followed by this government to increase the markets for agricultural products? Sir, there can be only one answer. This is a government that has been so busy falling over its own feet that it has not been able to bring any effective measures before the house.

What about this speech from the throne? Something old, something new, something borrowed, something blue. They borrowed from the United States the idea of a youth corps. That is a good idea. They also decided they would borrow an all-comprehensive plan to banish poverty in our country. I will be listening with interest as the Prime Minister reveals how this is going to be achieved, except through the ordinary principles of expanding trade and reducing costs so that Canadian manufacturers may be competitive in the world.

An hon. Member: What about the sales tax?

Mr. Diefenbaker: I have looked over this program within the time I have had, Mr. Speaker. It contains a compendium of unfinished business. It reveals a catch-all of promises for the future, policies that cannot be fulfilled and programs that have been left undone. I listened this morning to the editor of the *Citizen* giving his nepotic views on this subject. He said there was a bombshell dropped on parliament by that speech. Instead of positive, detailed and constructive programs we have vague generalities, except in a certain particular to which I shall refer.

I ask you, sir, have you not looked in vain for anything in these far ranging so-called broad programs that will assure a million and a half new jobs in the next three years? I ask you whether you have not looked in vain for programs and policies aimed at raising the national income of all Canadians through resource development. I ask you whether you have not looked in vain for any new immigration policies designed to encourage those who have the necessary skills who would take up residence in Canada. I ask what has been done to solve the problems of economic blight and rural misery. All that is being done in this speech is to state an objective while being most careful not to indicate how these ephemeral promises can be carried into actual and effective operation.

• (3:40 p.m.)

Then there is something more, and I shall deal with it particularly. Where is there anything to indicate, while maintaining the exclusive jurisdiction of the provinces over education, the recognition of the plight of university students hit by new increases in tuition fees? Where are the 10,000 scholarships? Where are they?

Mr. Nielsen: Forgotten.

Mr. Diefenbaker: The Prime Minister said last session, "Wait till the next session". Now we are here, and nothing is said about it. What has happened to those scholarships? They were wonderful vote getters. Those who voted have not had the experience which some of the rest of us have had regarding similar promises made by the Liberal party on other occasions.

Mr. Nielsen: They will put them all in the youth corps.

Mr. Diefenbaker: Where are the plans to bring about new developments in Canada? Where are the policies?

Well, Mr. Speaker, for several months there was an indication that the Minister of Finance, now that he is the supreme stumbler of the cabinet, would be bringing about a reduction in taxation. This was one of the goodies which many anticipated. There is not a suggestion of that in the speech from the throne. He may well say that that matter should be dealt with in the budget, but in the past hon. members opposite have not been that careful. If they had something like that to promise they would have put it in the speech.

What about action to remove the 11 per cent sales tax on building materials and production machinery? Only recently, in so far as the steel companies are concerned, it was stated by the vice president of the Steel Company of Canada that there were two reasons for the increase in steel price, and the first of these was the 11 per cent sales tax. What is the government going to do about that? What action is going to be taken? We have always had from the minister that nonchalant laugh that those who do not understand and have no appreciation of poverty and its effects give in reply to those who do. They ridicule the idea. Yet now it is generally admitted that the 11 per cent sales tax was a serious blunder, irrespective of the fact that it brought in a tremendous amount of taxation. What are hon. gentlemen opposite going to do about this matter?

Well, Mr. Speaker, they just sat down. I can just see that cabinet sitting down and looking around. "Have you got an idea?", the Prime Minister would say. Then someone would say yes. "Well, all right, put it in". And so they went around gathering together the greatest collection and plethora of generalities ever generated and included in a speech from the throne.

I have the list here, extracted from one of the morning papers, the Toronto *Globe and Mail*. When you go through it, Mr. Speaker, you find there are three or four matters of legislation which are practical, and the rest is simply designed to fill up the speech from the throne to lead the people to believe that if this parliament does not pass all these things, the reason will be obstruction. I was particularly struck, Mr. Speaker, with the first paragraph; and I shall now deal with some of these matters paragraph by paragraph. The speech commences:

> We recall with pleasure the presence...of Her Majesty Queen Elizabeth.

All of us will join in that. The speech also reaffirms—

> —in the hearts of Canadians the cherished place of the monarchy in our national development.

Why put that in? Would not the proper idea be to express that sentiment to two or three Liberal members in the house who are already on the rampage to remove the Queen? Would it not be better to make it available to the university young Liberals associations of Canada, who want to abolish the Queen in Canada; or to the young Liberals association, the national meeting of which undertook as part of their policy to have a republic set up? Or to the young Liberals association of Toronto, who also came out with a policy to abolish the monarchy? Here is the Prime Minister putting these words on the lips of the Governor General, reaffirming "in the hearts of Canadians the cherished place of the monarchy". The only Canadians who cherish the monarchy are those who do not belong to the group who would abolish the Queen, including the young Liberals association and the university young Liberals of Canada.

An hon. Member: Shame.

Mr. Diefenbaker: Hon. members opposite should cry shame at those who would abolish the Queen, and to the members who sit here and constantly advocate the abolition of Her Majesty the Queen. But as far as Her Majesty's loyal opposition are concerned, come what may we stand for the monarchy as a necessary element in the parliamentary life of this country.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: The next item deals with the international situation:

> The international situation gives ground for concern...The United Nations is beset by conflicting political pressures which have seriously impaired its capacity for executive action.

I think that was a little self admission on the part of the government, because that is what afflicts this government today—conflicting political pressures which seriously impair its capacity for executive action. Then the next paragraph goes on to say:

> My government is resolved that Canada shall make the fullest contribution it can to the lessening of international tensions—

—and so forth. Then it makes reference to repairing and strengthening the United Nations.

Well now, Mr. Speaker, I should like to hear the story of what happened in the United States on Friday and Saturday. I wish the Prime Minister would tell the house and the country what kind of political one-man brinkmanship it was to bring forth a policy in the United States without having discussed the matter with the authorities in the United States. In the past he has often spoken of the necessity for the quiet diplomacy that is most effective and which has been his hallmark. But what happened? Why did he have to alter his proposal a bit after he had made it? First of all he said the time has come for a pause in bombing. Later an interpretation was given by those high in political circles in Ottawa that the Prime Minister did not mean that the pause was to take place now. He did not say when the pause was to take place, but whenever it was deemed appropriate psychologically that the pause should take place. That is another example of a government that makes statements and then backs down and goes into reverse.

The next item under international affairs is:

> You will be asked to approve a resolution concerning the important agreement on the automobile industry recently concluded with the United States.

We want the fullest discussion on that matter. Canada, since the middle of January, has been operating under this agreement. Canadian industry and the small industries are being challenged here in Canada. As the hon. member for Wellington South has said, the small manufacturer in Canada is in danger. He is challenged by this competition from the United States, and when he wants to compete for markets in the United States he is up against the 11 per cent sales tax on production machinery.

• (3:50 p.m.)

We want to get the facts of this situation. This was an agreement that should have been brought before parliament instead of being entered into unilaterally, effective on Canada until such time as the United States passes legislation. We intend to discuss this matter fully, because in our opinion it is passing strange that Canadian people should suffer as the result of an effective payment of $50 million a year to the big manufacturers of automobiles, yet no member of this house or any Canadian is going to obtain his car at a price equivalent to United States prices.

Who reaps the benefit of this agreement? The consumer in Canada loses $50 million in income, and it is the government's hope that some time in the future the automobile companies will deign to reduce the price in order to take up part of the difference between the Canadian and United States prices.

Let us now move on to the next matter, Canadian federation, and this is a large one. We heard the concept of this government as announced by the Prime Minister; two nations and two flags, and now we are to have two anthems in the interests of Canadian unity. He speaks about strength and unity of Canadian confederation through the lips of the Governor General. The ludicrous promise is made that this government will continue their policy of promoting the strength and unity of the Canadian confederation. Sir, during the period they have been in office they have done more to bring about discord, suspicion and division in this country than was ever done before since confederation, with the one exception that took place in 1917.

Except for that, never has there been anything like this. Policies have been followed that have set race against race for pure political expediency. They are going to improve the relationship, they say. I am not going into this except to repeat what I said, that if this plan is accepted they will be placing Canadian federation in a strait-jacket which will deny future amendments, however necessary they may be. They will place the Canadian constitution in a position in which each and every province will have a veto. The premier of Quebec has said there will be a veto, and he says it will be an effective one. Already the voices of reason are taking over.

Because I dared to say this was a bad arrangement, or even dared to utter such words, they said I was anti-Quebec. What are the people of Quebec saying today? What has been said in *Le Devoir*?

Mr. Pepin: Yes, but for opposite reasons.

Mr. Diefenbaker: What was the comment? Mr. Speaker, if I can get the Minister of Justice to speak on this subject I will have achieved the epitome of parliamentary per-

fection. We believe that the right of veto constitutes a negative device. The letter of March 27 from the Louis Riel committee stated that the right of veto was a negative device, a stick in the wheel of parliament which will hold back the evolution of Canada as well as that of the provinces. Another article describes it as a Trojan horse, while yet another describes the whole formula as a "camisole de force", a strait-jacket. It is stated as well that it constitutes the grave danger of the balkanization of Canada. It then states that the special status of Quebec becomes simply the isolation of Quebec and the setting of Quebec to one side. I suppose that is one of the reasons there has been some deceleration on the part of the premier of Quebec in bringing this matter before the legislature of Quebec.

They then suggest that my stand and the stand of this party is wrong, and that we always argue so in matters such as this. I will place before this house an outline of the views of various constitutional experts across Canada. Professor G. A. McAllister of the University of New Brunswick said:

> The repatriation formula as presently conceived should be rejected categorically.
>
> The present formula is an arrangement for walking backwards into the future;—

Professor R. D. Gibson of the University of Manitoba said:

> I am violently opposed to the amendment proposal.

Professor B. L. Strayer of the University of Saskatchewan said:

> I believe the new constitutional amendment formula is unsatisfactory because it is unnecessarily rigid.
>
> It will make future constitutional amendments virtually impossible.

And so go these statements. Dr. Alex Smith of the University of Alberta said:

> A constitution must be at once sufficiently rigid to ensure stability yet sufficiently flexible to accommodate change.

Then he states that if this plan is brought into effect it will render the Canadian constitution the most rigid in the world and important amendments will be at the mercy of a single province's veto. Dean W. R. Lederman of Queen's University said:

> I strongly favour bringing the constitution home—

Then he goes on to say that the formula is very rigid and means that important amendments would be very difficult if not impossible to obtain. Professor E. R. Alexander of the University of Ottawa said:

> I am unalterably opposed to the Favreau formula.

When I was taking this stand it was said that I did so because I was anti-Quebec. If this constitutional amendment formula is accepted, then in so far as any province of Canada is concerned there will be virtually no change—there could be no serious change —in the constitution for generations to come.

What does the premier of Quebec say? He persists in enunciating a view of the amending formula which seems to be at variance with the pious assurances of the Prime Minister. Last night the premier embarked on the television program "Aujourd'hui"—the same program which saw the Minister of Justice not long ago enunciate the theory of associated states—and said that the formula was a strait-jacket, not for Quebec but for Ottawa.

I do not care what this is a strait-jacket for —for one or for the other—but the premier of Quebec has said that if we get this through it will be a strait-jacket for Ottawa, and so it will be. When you remove section 91(1) and deny the parliament of Canada the right to amend its constitution in respect of those things which come within the jurisdiction of the federal government, then you are emasculating the strong central government, and that is what is going to happen.

• (4:00 p.m.)

I want very much to hear what the Prime Minister has to say relating to the words of Premier Lesage. He was asked a question today and Your Honour properly ruled it could not be asked on orders of the day. Therefore, sir, I have to ask it at this time. I will be very interested to know if he accepts that.

Then, what else did Mr. Lesage say on "Aujourd'hui" last night? He said:

> A good bluffer always keeps a card up his sleeve.

I do not know about whom he was speaking. Earlier, he had been mentioning the Prime Minister's views and his views.

> In the course of negotiations, I will have a card up my sleeve—

I can imagine how that card will be located by the Minister of Justice (Mr. Favreau), who has not been able to find Rivard. You can just imagine how that will be noted by the Minister of Justice. Who has the card? I do not care who has the card, but this matter must be examined carefully by parliament, out in the open and not in secret, or through under the table agreements or behind closed doors. We want to know what went on. It was a happy party. The Prime Minister said, I will give you this, far more than you ever

expected. We want to know the facts. I ask the Minister of Justice, that believer in the independence of Canada, who explains anti-colonialism, are we not going to be a most colonial country when we are not going to have our own constitution enacted by the parliament of Canada? We are going to have to go to the United Kingdom to provide the basis upon which we, in Canada, can amend our constitution.

I should have liked to hear Mackenzie King on that subject before the present Minister of Transport (Mr. Pickersgill) became one of his trusted lieutenants. What would he have said had he known that we, in 1965, are going to the United Kingdom to say: Please, give us the right to amend our constitution in this way. It will stay over there as a statute. We want it to be a statute of the Parliament of Canada so that we can examine each and every part of it. We have tried everything to get this government to take a new look at the matter, but without result. I think we all owe a great debt of gratitude to the premier of Quebec for his clear statement on that program last evening which revealed who has the joker up his sleeve and which of the two jurisdictions is going to be in the inferior position. Let us make it a Canadian document. Let us make it eligible for amendment in the light of the changing needs that take place.

We in this party have consistently endeavoured to bring about the repatriation, if I can use that expression, of the constitution, but we were unable to secure the consent of two of the provinces. What is our suggestion in this connection? We remain unchanged from the view we expressed on February 4, 1963, that there should be convened a great national conference, not one meeting for a few hours or a couple of days. This conference should study in detail, for whatever period of time is necessary, the means of amending the constitution which would provide for a solution of the problem of adequate representation in the public service for both racial origins in crown corporations, and also examine biculturalism and bilingualism in a comprehensive manner.

We could have obtained votes, Mr. Speaker, by coming out in favour of a commission. They said it would be a wonderful step forward if we were to do that. The attitude then taken by this party, every member of this party in the cabinet, was that such a commission would be destructive to Canada. One has just to read the first report of the commission to know how well founded our views were.

[Mr. Diefenbaker.]

Now, a moment ago I mentioned various professors who have been outstanding leaders in the field of political science who have spoken against the amendment. I see before me an item dated March 31 and which refers to the fact that the constitutional expert, a professor of law at the University of Toronto, Dr. Edward McWhinney says the constitution as it stands is clumsy, too wordy. Then, I quote:

> In my view, anything that a reasonable national consensus desires can be made to work under the B.N.A. Act. Clumsy and full of unnecessary detail as it is, I still think it is flexible enough to be accommodating to what one wants, and that is the most important thing.

He finally ends up taking the view, as I understand his evidence, that the plan of amendment is a plan that will be a denial of the destiny of this land. It will balkanize our country and place the constitution in a position where, regardless of the changes that must be made in the years ahead, those changes cannot be made. I have no argument against the fact that some of the provinces accepted it. Naturally, when securing extra powers or extra authority, they are not going to turn down that which is given to them. But, sir, the Parliament of Canada is the one institution, and the only institution, that can stand for one Canada, for the maintenance of those things that made this nation possible and for the things that, in the years ahead, will assure the continuing strength of our country.

People say to me that taking that stand will be interpreted as being anti-Quebec. I should like to quote the words of at least two members in this house dealing with stands that were taken while I was prime minister, fully approving of those stands and pointing out that our attitude had been one of full recognition of the equal partnership of two races and also of the rights of other people in Canada who come from various racial origins, of which I am one in part, and which are not going to permit themselves to be placed in a secondary position of Canadian citizenship.

I adopt the words of Sir John A. Macdonald as quoted in "Confederation, Its Preparation and Accomplishments", a really quite remarkable work:

> We are a great country and shall become one of the greatest in the universe if we preserve it; we shall sink into insignificance and adversity if we suffer it to be broken. God and nature have made the two Canadas one—let no factious men be allowed to put them asunder.

This is the foundation principle. I adopt the words of another statesman, Sir Wilfrid Laurier, when he said this on March 13, 1900:

If there is anything to which I have given my political life it is to try to promote unity, harmony and amity between the diverse elements of this country. My friends can desert me, they can remove their confidence from me, they can withdraw the trust they have placed in my hands; but never shall I deviate from that line of policy.

• (4:10 p.m.)

Those words I adopt as my own. They represent the consensus that must be established within our land. Then he went on to say this:

Whatever may be the consequences, whether loss of prestige, loss of popularity, or loss of power, I feel that I am in the right and I know that a time will come when every man will render me full justice on that score.

That is the attitude of statesmanship rather than of political expediency designed to obtain votes this year, regardless of the consequences to the nation in the years ahead.

I say again our position is that we will convene that conference. We had already sent out the notices, but with the defeat in the house of the non-confidence motion it became impossible to bring the matter forward.

I turn now for a moment to the question of the economy, and this will be dealt with at length. Look at the speech from the throne —wordy, verbose, redundant. Where is there anything in it to bring about the idea, the concept of the Economic Council of Canada, that we need a 10 per cent increase in the export of manufactured goods each year? Where is there anything to indicate that the government has any plan, imaginative or otherwise?

I come back to the automobile plan, that policy of $50 million to which I referred, that annual subsidy in rebated tariff paid by the Canadian taxpayer? Who is going to get soaked under that in Canada? The poor, the average Canadian and all Canadians. Who is going to be helped?

There is nothing in the throne speech to indicate the government has any recognition of the inflationary trends that are taking place. When we were in office we maintained the price level to a degree that received most favourable comment from the late President of the United States. Prices are rising today. What are the members of the government going to do about that? They are going to have a committee look into the matter. Drug prices are as high as Haman's gallows, but what are they going to do? They are going to set up a committee to look into the question. There is one reason why drug prices are so high, and it is the 11 per cent sales tax. Take that off, and drugs will be a lot cheaper.

What is this padding in the throne speech—words instead of action.

My government will propose the re-establishment of a special committee of the House of Commons on food and drugs, and will facilitate its work with the aim of reducing the prices paid by the public for drugs.

Mere stuffing, but not effective.

Then we come to the next point dealing with the economy:

My government is developing new policies to enable farmers generally to achieve larger and more reliable incomes....

While the Minister of Agriculture (Mr. Hays) peregrinates back and forth, now and then he throws out policies. He said to the farmers of Quebec, "The trouble with you people is that you don't know how to look after things." I heard him make a speech in which he said we should go back to the days of the Renaissance and we should go in for more poetry and philosophy. He told the farmers of Quebec the solution was, "six cows, two sows, and you will be on easy street." That was the serious policy of the Minister of Agriculture in respect of that matter.

So far as the dairy farmers are concerned the government says it is going to set up a Canadian Dairy Commission. The announcement the other day in connection with dairy prices does not at all meet the situation and will leave the dairy industry in almost as serious a condition as it is today.

What about our veterans? The government gave a 10 per cent increase in disability pensions. We increased them twice in our period of office, by 20 per cent on each occasion. What about the veterans? Nothing is going to be done for them in that connection except that the Veterans Land Act, the Children of War Dead (Education Assistance) Act, the War Veterans Allowance Act and the Army Benevolent Fund Act are going to be amended. Padding and stuffing.

We were ready for the establishment of an Indian Claims Commission. We had the legislation ready at the time we were defeated. The Indians have been waiting. Promises were made that action would be taken and now we find we "will be asked to enact legislation to establish an Indian Claims Commission." That would not take any time. Bring it in. It could have been brought in last session. Now it is overdue.

Sir, I am not going to go back over the last session of parliament. There were a number of things buried under the debris. Now we have mention again of the Quebec Savings Banks Act and our old friend, a Canada Development Corporation. It was put in a state of suspended animation that was generally regarded as death itself, and now it does not even get a separate paragraph. It is put in among other things and the throne speech says it will:

—assist in financing major new industrial development and in increasing Canadian ownership of business corporations.

What has happened? With all the tinkering the Minister of Finance (Mr. Gordon) has done, the amount of U.S. investment in Canada increased in the last year. While he raises his hand, Canute fashion, and says no, the other member of the family, the Minister of Industry (Mr. Drury), says yes.

Finally mention is made that there is going to be legislation on pension plans, and there are some further items, again buried together in an omnibus section. There is nothing in the whole picture to assure economic growth.

I read with interest what the Prime Minister said in *Weekend* magazine in that "no holds barred" interview on April 3.

I think it is the responsibility of government to assist this process—

That is the process of Canadian ownership, as I understand it.

—by making it attractive for Canadians to own their own country by giving them certain tax and other incentives. This is a better way of doing it than penalizing those foreigners who have established themselves here.

Why didn't the Prime Minister tell the Minister of Finance that two years ago?

Mr. Nowlan: A year ago.

Mr. Diefenbaker: Have they both learned since? Sir, that is what we have been arguing, and in the no holds barred interview the Prime Minister admits this is the way. Then he said:

A carrot is better than a kick in this respect.

Apparently the doctrine of the kicker, the Minister of Finance, is now to be supplanted by the doctrine of the carrot, by the Minister of Industry.

There are many other matters to be dealt with in connection with the subject of the economy but I intend to leave them for other speakers. I am simply pointing out that when one looks at this speech from the throne and sees the lineup of matters to be dealt with, it has the impressiveness of length, volume and diversity of legislative enactments to be, but when analysed it is, as I feel you will agree, simply a document to act as a guide, compass or chart in an election campaign as to what would have been:

For of all sad words of tongue or pen,
The saddest are these: "It might have been!"

• (4:20 p.m.)

That is what they will say—"If only we had had the opportunity". The constitution is important. Unity is important. Economic development in all its phases from industry to agriculture, is important. But, sir, we will not have a great Canada if our nation in its parliament does not stand for high principles in high places and in all places. I look this over. While wars on poverty are essential—I assume the government borrowed that expression from the late President of the United States; look at the legislative program which followed in that country; very little was actually brought about—while wars on poverty are essential, they will be won when we raise economic standards in our nation, when the humblest in the land is not forgotten but has a voice in parliament. Fifty million dollars is going to the big manufacturers of automobiles and parts. But when anybody suggested that $75 was too little for the old age pensioners, the government said wait. Fifty million dollars for the manufacturers but no addition for the old age pensioners.

Some hon. Members: Shame.

Mr. Diefenbaker: What is conspicuously absent from this speech? Mr. Speaker, the moral things of a nation are greater than the material ones. It defies nature to think that a pure stream can run from a tarnished spring. The most conspicuous absence from the speech from the throne is this—a war on wrongdoing in high places.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: I did not doubt that the Prime Minister (Mr. Pearson) would have taken his sword Excalibur and gone forth. Instead, there has been silence on an issue which has shaken the fabric of this nation. I had expected that even though this government has been fumbling and careless and inept there would have been in clear and definite terms a declaration by the Prime Minister as custodian of the national conscience that they would purge the unfit, the incompetent; that they would raise the standard of high ethics in this land. Nothing of the kind is to be found in this speech. How-

ever, when moral principles are undermined, when moral principles are disobeyed, a nation undermines its greatness. I do not say that wrongdoing is confined to any one individual or one party. But I do say that where there have been the revelations which have taken place in this nation it is not in keeping with the greatness of our country to give no attention to a war on wrongdoing with all the strength of parliament behind such a course. I do not want to see Rivard become the new folk hero of the young men and women of this nation. I think it is a wonderful thing to set up this corps of Canadians, this youth corps. But who is going to lead them? Are you sure they will not be led by such as those with respect to whom evidence has been given during the last few weeks? The Prime Minister cannot say to me that I am dealing with something which is before a commission, because he dealt with the same question in the course of an interview.

This is not an academic question. Where is this declaration in the speech from the throne that the administration of justice in Canada within the federal jurisdiction shall be beyond reproach?

An hon. Member: Better get a justice minister, first.

Mr. Diefenbaker: Where is the declaration in this regard? I do not intend to go into the record but I will point out those facts—that one former Liberal member who became a judge is now awaiting an appeal after conviction; that a cabinet minister is before the court; that two cabinet ministers bought furniture in circumstances which demand that this House of Commons find out what is in the record of the Sefkind bankruptcy. We have a right to know. We asked the other day but we were told we could not have this information. Why should it be denied us? I know the Minister of Justice (Mr. Favreau) did not tell the Prime Minister that his own parliamentary secretary was allegedly involved. Why? The other day when we asked to look at the Sefkind file we were told: You cannot see that. We want to see it. We will not be brushed aside by the Minister of Justice or by the government in this regard. Let that be clear.

It has been a record unequalled in Canada. This is an administration which has earned a reputation of being friendly and considerate to unpalatable characters such as Hal Banks, an administration which has had connected with it in responsible places men who were concerned about the welfare of narcotics king Rivard—narcotics, the cruelest and most despicable form of crime which can be committed against the souls of men. What were they interested in? What did they want? What happens to a nation when things like that occur? The Prime Minister mentioned innuendo and insinuation. Was there any innuendo involved in the fact that the parliamentary secretary was forced to resign? Surely he was not asked to resign because of an innuendo or an insinuation.

• (4:30 p.m.)

Then the chairman of the Liberal caucus in parliament resigned because his name cropped up in the investigation of influence peddling, and the accommodation of people allegedly connected with the world-wide crime syndicate of the Mafia—the chairman of a committee resigning from his position because of the condemnation of a provincial commission.

What is the reaction of the government? The Minister of Labour (Mr. McEachen) is not here, so I will not make any observations on the statement he made when speaking the other day before a Liberal gathering at Richmond Hill. He said that unemployment problems no longer dominated parliament's discussions. Then he said that we now indulge in the luxury of talking about the latest prisoner's escape from jail. What a statement of government policy that is, to say that we now indulge in that luxury. How can any plan, any policy or any great concept of national importance succeed in its purpose unless we have re-established in this nation, by parliament, the concept of morality in high places? Profumo was not pushed out because of his activities; Profumo went out because he deceived parliament.

That is how serious this matter is. They were never so busy looking under beds for communists. I would like to have heard a statement such as this, and as a matter of fact I ventured the opinion that it would be a statement that in all parts of Canada "my ministers will take all steps necessary to stamp out corruption or influence peddling in government". If that had been there, it would have been a great declaration. I know the difficulties under which the Prime Minister operates. I occupied that position and I know the difficulties. But I also know this, that I never failed to make clear one thing, harsh as they thought it was, "If there is any suggestion of wrongdoing, you will be—

An hon. Member: In the Senate.

Mr. Diefenbaker: —"punished", period.

Again I refer to Profumo. He was not driven out of public life because of his extra-curricular activities. Parliament in the last session was not given the truth.

Mr. Mandziuk: From the Prime Minister, up and down.

Mr. Diefenbaker: It may be said that I have overstated the position, Mr. Speaker, but I have extracts from the press of Canada which are particularly appropriate at this time of the year, spring cleaning. The Winnipeg *Tribune* says this:

> Mr. Pearson is fortunate that for some mysterious reason he has managed to appear personally aloof from the bumblings, mishaps and even wrong-headed decisions of his government. In his case the traditional principles of cabinet and ministerial responsibility do not seem to apply automatically. His ministers, executive assistants and parliamentary assistants may become involved in almost incredible situations but comparatively few seem ready to blame him personally.

Then it says:

> Time will tell whether this attitude is soft-headed as well as soft-hearted.

Then there is the Winnipeg *Free Press*, certainly not an enemy of this government. The Winnipeg *Tribune* from which I quoted was dated March 30. The Winnipeg *Free Press* says:

> Cabinet changes needed.
>
> One of the tragedies of the situation is that most of Mr. Pearson's ministers are honest, conscientious, dedicated men.

Then it says this:

> As a result of these shortcomings in the higher echelons the whole government has given the impression of being accident-prone, of being unable to see ahead or to circumvent the pitfalls that strew the way of any administration. And as if this were not enough, there have been instances of a much more serious lack in higher government circles—a lack of honesty and integrity.

Then it says this:

> But until, by one means or another, there is a stronger ministry at the head of the country, a ministry capable of giving firm and vigorous leadership and of commanding the confidence of the nation as a whole, the prospects for an improved parliament and for an effective handling of the nation's affairs seem bleak indeed.

Those are the words of the Winnipeg *Free Press*. If you disagree with them, as I so often do, at least they follow the course that throughout the years has earned for them the thanks of this nation. Then Charles Lynch of the Southam News Services wrote an article headed:

> An ugly state of affairs.

He is not talking about China. He said:

> After Thursday's events in the House of Commons, it seems clear that a showdown on the question of morality in government must come quickly and that it cannot await the completion of the Dorion inquiry.

Then the Victoria *Daily Colonist*, to the same effect. The Winnipeg *Tribune* deals with the explanations given on this matter regarding the information as to whether or not an alleged bribe had been offered which the Minister of Justice (Mr. Favreau) advised the Prime Minister of in September and which the Prime Minister forgot until the middle of November and says:

> Mr. Pearson's statement of explanation to the Commons after the memo had been read into the record of the inquiry was quite inadequate.

Then the Peterborough *Examiner*:

> Thus, like Mr. Favreau before him, Mr. Pearson has been less than frank. Again, there is no suggestion that a man of Mr. Pearson's stature was a party to the bribery attempt. But once more the Liberal government has been guilty of a lack of candour that will be most distressing to the Canadian people.

These are not Conservative papers. Then in the Montreal *Star* there is an article headed, "What A Muddle." and it says:

> Prime Minister Pearson's humiliating loss of memory, for which he apologized to the House of Commons last Thursday will have more than one consequence. It will reinforce the already widely held conclusion that his administration is one of the most politically inept in the history of Canada. Immediately it will have the effect of going some way to restore the reputation of Justice Minister Favreau.

Then it says:

> It must be left to others to explain why, when this crisis burst upon parliament, Mr. Pearson pursued his plan to do some prairie politicking.

These are not Conservative papers that I am quoting from. The Ottawa *Journal* said this on December 18:

> His government drags its feet about allowing a judge to inquire freely into the Rivard case.

Then it says:

> These dark evasions may not be dark but they seem dark; they invite the ordinary man to wonder what he is trying to hide.

• (4:40 p.m.)

Then the Toronto *Daily Star* of December 18 was to the same effect:

> There is no doubt that this business coming on top of the earlier revelations has damaged the government heavily.

Even so, Mr. Speaker, it has been omitted from the speech from the throne, where it should have been underlined. No matter what one's political views may be, this house, this

parliament and this government will not condone, conceal or hide such matters. I say through you, sir, to the Minister of Justice that we want to know about the Sefkind bankruptcy. We do not want that matter put into cold storage, because there is something which the country is concerned about. You do not elevate the minds of Canadians when you see concealment of that kind. What about the Sefkinds? They are abroad, out of the country, having robbed the Canadian people of $2 million, the extent of their bankruptcy. They sold furniture on time.

Mr. Starr: Pay as you like.

Mr. Diefenbaker: Then they forgot about asking for payment, and no payment was made until after they went into bankruptcy. These are the kind of things that cause me to believe that more was expected, much more, in the speech from the throne, and that the highest priority should have been given to a declaration on the subject of public men and their integrity. Because unless this is accepted, parliament suffers and the Canadian people suffer. It does not matter what happens to us; but it does matter when all across this nation people are asking themselves what has happened.

Therefore, sir, I move, seconded by the hon. member for Ontario (Mr. Starr):

That the following be added to the address:

"We respectfully regret that Your Excellency's advisers, because of confusion and indecision in dealing with national problems, and the careless indifference and neglect of the Prime Minister in refusing to take action to eradicate wrongdoing in high and low places under federal responsibility and to restore public confidence in the honesty and integrity of government, no longer enjoy the confidence of this house and of the Canadian people".

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to begin by agreeing with the right hon. gentleman in one respect, and I think it will be the only respect in which I will be able to agree with him this afternoon and this evening, and that is in the tribute which he paid to the mover and the seconder of the address in reply to the speech from the throne the hon. members for St. John's West (Mr. Cashin) and St. Maurice-Laflèche (Mr. Chrétien). Knowing these two members, Mr. Speaker, I expected a high standard of performance from them in the discharge of a responsible duty, and I was not disappointed and I am sure the house was not disappointed. They did great credit to themselves and to their provinces in the statements that they made.

Now, Mr. Speaker, what about this amendment and the two and a half hours speech which introduced it? Or am I exaggerating? As I listened to the right hon. gentleman wander from subject to subject, from place to place and from document to document, I could not help but think of words which I have already quoted in this house on previous occasions:

Cold upon the dead volcano,
Sleeps the gleam of dying day.

The volcano, Mr. Speaker, however, did erupt on occasion with great vigour, and while I do not want to spend too much time on the eruptions, there are a few things that cannot be left to go unchallenged; and believe me, Mr. Speaker, most of them are very easy indeed to refute.

Perhaps I should begin, Mr. Speaker, where the right hon. gentleman ended. He made an attack upon the government, which is reflected in the amendment, for its failure in refusing to take action to eradicate wrongdoing in high and low places under federal responsibility. He saw fit, Mr. Speaker, to make a strong attack on immorality—"unmorality", as he has been calling it outside the house—in government, though not mentioning details, which should be taken up and referred to the appropriate committee and the charges investigated. He took upon himself to do this, Mr. Speaker.

I would remind him that when there was what I considered to be conduct by a member of the government which did not reflect credit on that member, and which required his withdrawal from the cabinet, that action was taken at once. When my parliamentary assistant took action which I considered to be indiscreet, especially because of the position which he held as my assistant, within hours of learning of his action and intervention that parliamentary secretary resigned his position. When charges were made in this house which required an inquiry, that inquiry was initiated at once, Mr. Speaker.

While agreeing entirely with the right hon. gentleman, Mr. Speaker, in the necessity for maintaining the highest standards of morality and good conduct in government and in parliament, I deny with all the vigour I can the charge made by the right hon. gentleman that we are indifferent to this, and that we have not taken action in this matter. And if necessary we will take action in this matter in the future.

The right hon. gentleman took a good deal of pleasure, and his followers took even greater pleasure, at his new role of "Mr.

Clean". His credentials for this role, Mr. Speaker, I suggest are not above reproach.

• (4:50 p.m.)

Who used a document which had the front page, marked "confidential", torn off it? Who was the man who praised his right-hand man in the front benches for introducing into this house and in *Hansard* a forged document which was designed to get us into trouble with our neighbours?

Mr. Churchill: Mr. Speaker, I rise on a question of privilege. The Prime Minister has not proved that it was a forged document. What he is doing now is smear by innuendo.

Mr. Pearson: Mr. Speaker, if my hon. friend tells me that it is not a forged document or that he did not know that it was a forged document at the time, I will be glad to apologize to him. He has not taken the opportunity to do so, Mr. Speaker.

The right hon. gentleman shows a moral indignation now which was strangely absent in those years from 1958 to 1962. It was strangely absent when a member of his cabinet got into difficulty and was made a senator.

Mr. Diefenbaker: I do not mind statements like that, Mr. Speaker, but that statement is untrue. The man to whom the right hon. Prime Minister refers was appointed to the Senate, following which a royal commission said that he had taken improper gains, at which time I brought it to his attention and he resigned. The same advice might be given to the Prime Minister in respect of the hon. member for Notre-Dame-de-Grâce (Mr. Asselin).

Mr. Pearson: Mr. Speaker, the then secretary of state was appointed to the Senate and shortly after resigned from the Senate. I might ask the right hon. gentleman, as he has asked more than once this afternoon, what was under the carpet which required his appointment to the Senate?

I mention these things because when the right hon. gentleman takes the line he took this afternoon as the defender of morality in this chamber and attacks us on this side for our indifference to morality he should be very careful about his own record.

He also accused the government this afternoon of contempt of parliament because we were not giving the kind of information to which parliament is entitled. He posed, as an example, the question asked this afternoon about the Royal Canadian Mounted Police, and took advantage of the fact that it could not be answered at once this afternoon, to suggest that something wrong was happening to that police force, or that something bad is going on in the Department of Justice. He suggested the police were losing their spurs. Let me remind him that the police lost their horses many years ago, perhaps under the regime of my right hon. friend, although I do not know that, and I do not recall anybody in the House of Commons making an issue of that loss of horses by the R.C.M.P.

An hon. Member: What about the one on the payroll?

Mr. Pearson: An hon. member asks about a horse being on the payroll. Hon. gentlemen opposite are some of those who tried to win an election on that issue and they may try again on a similar issue.

It was more serious when the right hon. gentleman suggested that somehow an auxiliary force to police was being set up without even the knowledge of the House of Commons, and contrary to the law, and that the Minister of Justice (Mr. Favreau) refused to give information to the house regarding this matter. That is a serious charge.

If my right hon. friend will look at the statutes as revised in 1959 and the R.C.M.P. Act, chapter 54, he will find that in this statute provision is made for the establishment of an R.C.M.P. reserve by the governor in council. This statute, which gives the governor in council that authority, Mr. Speaker, was passed by the government of my right hon. friend. Action was taken in this regard by regulation, under that statute, by the minister of justice of that day, Mr. Davie Fulton, whom I will be mentioning again a little later. These regulations, which were never discussed in parliament and never brought to the attention of parliament, were made again by the government of my right hon. friend. This was the kind of thing, Mr. Speaker, which is destroying parliament and our constitution. We deplored the fact that the right hon. gentleman should have done that kind of thing without informing the House of Commons, but we forgave him.

Before I move on to more important questions, there were some other matters raised by the right hon. gentleman. He was very worried indeed about a paragraph in the speech from the throne, which pays what I believe is deserved tribute to Her Majesty and indicated our loyalty and affection for Her Majesty. He claimed that we had very dubious title to put that in the speech from the throne because, as he said, the young Liberals of Canada passed a resolution to

the effect that Canada should become a republic. He must have been referring to a provincial conference of some university Liberals who, this being a free country and the Liberal party being a free party, passed such a resolution by a vote of I believe 42 to 38.

Mr. Diefenbaker: What about the national meeting?

Mr. Pearson: There was no national meeting that passed—

Mr. Diefenbaker: Yes, there was.

Mr. Pearson: My right hon. friend should not take these university resolutions too seriously, because university Conservatives not long ago passed a resolution advocating the abolition, not of the monarchy, but of my right hon. friend. I do not think they are going to find it so easy to abolish him.

Then the right hon. gentleman complained that we had not included in the speech from the throne some taxation proposals. This is a new interpretation of what should be included in a speech from the throne. He also, as an indication of the sins of commission on the part of this government, gave an illustration of how last Friday, from nine o'clock on, the country was saved from the tyranny of this government trying to slip through six $1 items in the estimates at the last minute. My right hon. friend must know that in one year of his regime 31 $1 items appeared in the estimates of his government —31 items.

Mr. Diefenbaker: Mr. Speaker, may I ask the Prime Minister whether any legislative items at all appeared. First of all, I should note that the Prime Minister was not here but was down in the United States telling them what they should do about announcing policy.

Mr. Pearson: Yes, Mr. Speaker, there were some legislative items; but the difference is that when my right hon. friend does this it is all right, but when we do it it is all wrong; and that is what is known as party government.

• (5:00 p.m.)

The right hon. gentleman had a good deal to say also about the constitutional question and the formula now being considered for amending our constitution in Canada rather than in Great Britain. I do not propose, Mr. Speaker, to deal with this matter at any length but it certainly will be dealt with during the course of this debate and subsequently. I would remind my right hon. friend of something he has tried awfully hard to forget, that he and his minister of justice, Mr. Davie Fulton, tried for years to get agreement with the provinces on the basis of the formula which is, in all essentials, exactly the formula that is now produced.

Some hon. Members: No, no.

Mr. Diefenbaker: That statement is untrue.

Mr. Speaker: Order, please.

Mr. Fisher: But that does not make it right.

Mr. Pearson: No, that does not make it right: But that does not make it wrong, either. My authority for making that statement is the former minister of justice himself, Mr. Davie Fulton. The formula is now known as the Fulton-Favreau formula. My hon. friend was not even generous enough to his former minister of justice, who is coming back into federal politics, to link his name with this formula.

My right hon. friend should also make up his mind from what flank he is going to attack this formula. He has shot at us from both flanks this afternoon. At one time it was going to balkanize Canada, and at another time it was so inflexible and rigid there could be no change made. He had better decide upon what flank he is going to attack. Let me remind my right hon. friend, when he is so bitterly critical of this formula—that is his right and no doubt he will be able to thresh it out in this House of Commons—that every province in this country except one, including the province of Ontario, has approved of this formula. It has been submitted, in every case except Newfoundland, to the legislatures. Surely it cannot be all bad when the premier of Ontario and the premier of Manitoba think it is good. However, as I say, we will be able to argue this later, and it is a very important matter which deserves the detailed consideration of this house.

Now, Mr. Speaker, I do not propose to follow the right hon. gentleman any further into his peregrinations, but I do not believe we should take them too seriously. Perhaps the right hon. gentleman thinks anything is grist to his somewhat dilapidated political mill, of which he is now in control of 52 per cent.

I think, Mr. Speaker, when we are looking at the speech from the throne we should look at it not exactly from the point of view of the right hon. Leader of the Opposition but

from the point of view of the leader of the government. There are measures in this throne speech which I believe will contribute to the strength and the unity of this great country. A good many of them were not dealt with by my right hon. friend—and I do not complain about that because I will not be able to deal with all of them myself. There is so much in this throne speech it is going to take seven or eight days for those of us on this side who believe in it to put it to the house and to the people, but we propose to do that.

The measures in the throne speech will be brought forward as quickly as the house is ready to deal with them. For this purpose, planning will be essential, planning for the orderly and efficient conduct of the business of this session. This planning, of course, is the primary obligation of the government. It is an obligation, also, on all parties represented in the house. I think there can be that kind of all party planning of the business through the meetings of the house leaders of the various parties. I think this planning can be effective and it will help in getting the business of the house completed.

Planning, of course, cannot exclude changes which may be required as circumstances change or emergencies develop. I think that is understood on all sides of the house. There must, of course, be priorities in legislation. They should be brought before the house from time to time by our house leader or by myself. But they, too, for obvious reasons will have to be flexible. Then, additional measures may be required later to meet new developments. This, I think, is understood in connection with every throne speech that has been put before the House of Commons. I will be prepared myself, from time to time, to indicate the order in which we expect to do our business, having regard to the circumstances of the day. These qualifications, "circumstances of the day", do not affect the essentials of the program placed before you and the desirability, Mr. Speaker, of all-party co-operation in planning their consideration.

The measures before us now for 1965 are ones that the government believes will serve well the interests of all of Canada. They offer to all of us, as parliamentarians, plenty of constructive work. I believe the program in this speech from the throne is a balanced and workmanlike program. It includes all that we can reasonably expect to do in one session; but I believe it is within the competence of a session of this parliament if it carries out its duty to discharge the people's business with care, with efficiency and with reasonable dispatch.

The Leader of the Opposition, by his amendment and even more by his speech, has asked from this House of Commons a vote of non-confidence in the government. He asks for the defeat of the government and the dissolution of this house.

Mr. Diefenbaker: From what is the right hon. gentleman reading?

Mr. Pearson: I am reading from my notes, just as the right hon. gentleman did for the better part of his speech.

Mr. Diefenbaker: I suppose in anticipation of what was going to be said?

Mr. Pearson: It was quite obvious what the hon. gentleman was going to say. The government did not need any intelligence service to draw that conclusion.

The right hon. gentleman has asked for this vote of non-confidence from a house in which the government is in a minority and in which the government can be defeated at any time by a combination of the votes of the opposition parties. The right hon. gentleman has challenged the right of the government to proceed with the program outlined in the speech from the throne. The government, Mr. Speaker, is quite happy to accept this challenge and submit its fate to the house on this amendment. So, we will see what we will see, Mr. Speaker.

As I indicated a few moments ago, I will not be able to deal with all the proposals in the speech from the throne, at least at this time. The right hon. gentleman had something to say about foreign affairs. Perhaps I should just mention that the Secretary of State for External Affairs (Mr. Martin) will deal with that in greater length later in the debate.

• (5:10 p.m.)

He was very anxious, and I can understand his curiosity, to get this story of what happened last Friday and Saturday. I would remind him in the first place, Mr. Speaker, that I was invited—

Some hon. Members: Hear, hear.

Mr. Pearson: I was invited by the President of the United States to fly over to see him at Camp David, when he heard that I was to speak in Philadelphia on Friday night, to discuss with him some aspects of our bilateral relations and of world affairs. I was delighted to do that. It was a very interesting and, for me, a very useful couple of hours.

The right hon. gentleman seems a little worried about what went on. I find it very difficult to please him in these and in other matters. Perhaps that is an objective which I would never be able to achieve; but if I do not talk about these things in public, in the House of Commons or outside the house, about these matters of immediate international danger and concern—if the government does not express itself on these matters—we are criticized as being a satellite, a mouthpiece of the United States of America.

But if we do speak out publicly, as we should on occasion, and only when the occasion seems to require it, then, Mr. Speaker, we should do that with responsibility and restraint and we should not, I suggest, be accused of interference in the affairs of another country; because what is going on in Viet Nam at this time is the concern and the affair of every country in the world, and particularly of the neighbours and allies of the United States of America.

So that there may not be any misunderstanding of what I did actually say, I will put on the record just a few paragraphs, and I do not think they need any interpretation. I said on Friday night, and I discussed this matter with the President on Saturday:

> The dilemma—

And this is an acute and agonizing dilemma in Viet Nam.

> —is acute and seems intractable. On the one hand, no nation—and particularly no newly-independent nation—could ever feel secure if capitulation in Viet Nam led to the sanctification of aggression through subversion and spurious "wars of national liberation."
>
> On the other hand, the progressive application of military sanctions can encourage stubborn resistance, rather than a willingness to negotiate. Continued intensification of hostilities in Viet Nam could lead to uncontrollable escalation.

I discussed the conditions, what I thought to be the conditions for a settlement, a discussion which is going on throughout the world at the present time, and in my speech on Friday night I asked the question:

> What are the conditions for such a settlement. First, a cease fire, then negotiation.
>
> Aggressive action by North Viet Nam to bring about a communist "liberation," (which means communist rule) of the south, must end.

Only then can there be negotiation. I went on to say this:

> There are many factors which I am not in a position to weigh. But there does appear to be at least a possibility that a suspension of such air strikes against North Viet Nam at the right time—

I put those words in my first statement and they did not represent a change in anything I said on Saturday to anybody, to the President or to the press. I said:

> —a suspension of such air strikes against North Viet Nam at the right time might provide the Hanoi authorities with an opportunity, if they wish to take it, to inject some flexibility into their policy without appearing to do so as the direct result of military pressure.
>
> If such a suspension took place for a limited time, that the rate of incidents in South Viet Nam would provide a fairly accurate way of measuring its usefulness and the desirability of continuing it. I am not, of course, proposing any compromise on points of principle, or any weakening of resistance to aggression in South Viet Nam. I merely suggest that a measured pause—

A phrase which seems to give the right hon. gentleman a certain amount of amusement.

> —a measured pause in one field of military action at the right time might facilitate the development of diplomatic resources which cannot easily be applied to the problem under existing circumstances.

It would at the least expose the intransigence of the North Viet Nam government.

Then, Mr. Speaker, I spent some time developing what I considered to be a positive approach to this whole problem of southeast Asia—what could be done through the United Nations to raise the standard of living of the people, the poor people in that part of the world, what could be done even while the fighting, while the conflict was going on. I reminded my listeners that for some years now the United Nations has had a project in that part of the world, called the Me Kong basin project, which is being very helpful to the people of that area within the limit of its resources, and which has not been interfered with by any government in that area.

I added that if this program could be dramatically increased at this time—and the 21 countries that are involved in it could do more—and it could be pushed forward by a conference in which all the countries of that area would meet under the auspices of the United Nations, and for which the Secretary General could at once make the preparations—if that could be done it might be the best way to create an atmosphere which would make peace possible in that part of the world. Why, Mr. Speaker, the amount of money being spent within a week on military action in Indochina at the present time would be enough for the project for years.

Now, this is not going to be easy, and it may not be possible in present circumstances, but I thought it was worth mentioning and I hoped the authorities at the United Nations

would think it worth considering. Having talked about this, I went on to say:

> With this kind of great international development project, with a cease-fire followed by political negotiations, with the countries in the area given an international guarantee of neutrality and assurance of aid for peaceful development, then the danger, destruction and distress of the present hour might be replaced by peace, hope and progress.

I hope, Mr. Speaker, that was an appropriate message to take to the United States at this time, and an appropriate proposal to discuss with the President of that country.

In the speech from the throne, after the reference to external affairs, there is a paragraph to which my right hon. friend referred at some length, dealing with the reform of the procedures of the house. In recent years we have made some progress in that direction. I think we could and should make more. I would like to pay my tribute, if I may, sir, to you as the chairman of the committee on procedure for the work of the members of that committee, and of the chairmen and members of the subcommittees. I think they have done all it was possible to do on the basis on which committees operate, on the basis of unanimity and referring proposals back to the House of Commons. I think it is now the duty of the government to ask parliament to move further ahead in this field and we will soon, as a government, for putting forward proposals to the House of Commons for that purpose.

In my view the reform of the procedures of the house is of very great importance to the functioning of parliamentary institutions in the interests of the people, and I acknowledge, and I agree with what the right hon. gentleman said about the vital importance of parliamentary institutions in our history and in our development.

It is the very essence of democracy that there should be debate, parliamentary debate, parliamentary discussion leading to consensus and leading to decision. The focus of this kind of discussion in a democracy must be in the House of Commons. But the discussion goes on continually in the country, in the home, in the workshop, in the corner store and in the luncheon club. Then it should come to a head here and it should lead to a decision here. I suggest, Mr. Speaker, that our procedures are no longer adapted as they should be to the expedition and the effectiveness of this process of discussion and decision. I think there are too many subjects which come before us now—subjects of vital importance and of great complexity and upon which decisions have to be made—to allow the luxury of the kind of unlimited discussion which was possible and desirable 50 years ago.

[Mr. Pearson.]

• (5:20 p.m.)

I do not believe our rules today are designed to take care of the existing situation. Our procedures are, I believe, developed from those followed in Westminster to meet the needs of democracy a century ago when issues were fewer and simpler, when those involved in them were fewer and when the element of time was of less importance. It is interesting to note—and I think I am accurate in saying this—that there have been more changes made in recent years in the procedure and rules of the mother of parliaments than have been possible to this particular daughter of the mother which often quotes the mother of parliaments as the reason we should not make changes here. I think it is wrong to cling to old and outworn methods, and that our real respect for parliament will be shown by our willingness to adapt our rules and procedure to today's requirements.

The necessity of managing our business more efficiently means of necessity, in my view, planning time for specific legislation.

Surely, we can make progress in this field as a parliamentary matter and, in the words of the speech from the throne, do something to combine effective debate and criticism with the effective dispatch of business.

Now I wish to deal with some of the economic matters referred to in the speech from the throne. They were referred to by the Leader of the Opposition (Mr. Diefenbaker). The paragraph on this subject reads:

> Our country is achieving a high rate of economic growth. Trade is expanding. With growing industrialization, Canadians are enjoying rapidly increasing employment opportunities; incomes and living standards are rising; the number of people out of work has been reduced to lower levels than for many years.

I believe those statements are accurate and they should surely give satisfaction to every single member of this house wherever he may sit. I do not stand here to say this is due to the policy of the government, as the right hon. gentleman said it was due to the policy of the previous government. But I do say that the policies of this government have contributed to this satisfactory situation—satisfactory as far as it goes.

Mr. Diefenbaker: The United States has the same trend.

Mr. Pearson: That is right, though I should like to think we are a little ahead of them in this trend toward prosperity and stability. I am merely suggesting this is a desirable state of affairs and that we should do our best to continue it and improve on it. The Economic Council, which is the important agency set up on the initiative of this government, has in its first report concluded that it is realistically possible for the standard of living of the average Canadian to improve by more than 20 per cent in seven years. This can be done but only if we face and overcome certain serious problems and obstacles. So there is no occasion for complacency or smugness and there should be none; I assure you, Mr. Speaker, there is none in the ranks of the government.

Among the problems we have to face is the problem of maintaining and increasing our trade. Even while it is mounting—and it is mounting—our prosperity in the field of international trade often depends on forces outside this country which we can never control though, at times, we may influence them. There is the problem of the balance of payments which remains a worrying one. There is the problem of the best utilization and conservation of our national resources which is becoming increasingly important. There is the development of research and technology—a paragraph on this appears in the speech from the throne. There are measures to increase the competitiveness and efficiency of industry in this country; I am glad the right hon. gentleman had something to say about this, because it is from the continued increase in our industrial exports that we have to find the jobs required in the years ahead. The magnitude of this problem is shown by the fact that in 1964 the average employment in this country was 6.6 millions. In 1970 the report of the Economic Council says, with the growth of the labour force—and the growth of the labour force in this country is greater than it is across the line in the United States—and providing for a level of unemployment down to 3 per cent, employment will amount to 7.9 millions. This means that in six years we have to find jobs for one and one-third million Canadians. This is a vitally important factor as we face the economic problems ahead.

The most important factor in our economy, in our economic progress is full employment, and not only full employment, vital though that is, but the full employment of our human resources, which is something additional and which is referred to at some length in the speech from the throne. We must have the scope and the opportunities which are required in this age of technological change—and we in this country are very backward in this field compared with the United States. One quarter of the Canadian labour force is now engaged in work of a skilled nature. This may seem a satisfactory percentage but it is only half as many as are employed in the United States in skilled occupations, and this means we are not making the most of our most important resource, which is people. This is shown not only by the figures I have given but by pockets of poverty and idleness amidst general affluence and activity. There is a persistent minority now lacking the mobility or suitable training to enable them to share in the expanding opportunities of our age. The growth of our gross national product does not automatically cure this situation. Indeed, its growth can underline and expose this particular problem because economic growth as well as economic stagnation has its casualties, and the casualties in our country can be whole regions as was pointed out eloquently yesterday by the seconder of the address (Mr. Chrétien).

• (5:30 p.m.)

The economic foundations of whole communities can be knocked away almost overnight by new industrial processes, by automation, by what we call progress. Wide areas of farmland can become derelict and decaying; urban slum islands can develop in the richest of cities. The affluent society has given a new meaning and a new dimension to poverty; because as technology advances and business and the economy become more complex, the individual finds it harder to get a second chance. It used to be much easier 50, 75, 100 years ago when society was less complex and more mobile, but now he finds it hard to get a second chance when things go wrong or have never gone right for him, for reasons over which he may have no control and of which he might not even have any understanding. Once trapped outside the affluent society, it is hard to get back in without the new skills required, and the worker often has no chance to get these.

It is here that the state must move in more vigorously than we have done in the past few years, in the name of both social justice and economic progress; because economic progress must include the fullest possible utilization of human resources. Poverty now prevents this, and the proof that there is poverty in this affluent country is shown by the statistics of family income. Perhaps, Mr. Speaker,

I may quote from a statement made a few months ago by the Minister of Labour (Mr. MacEachen) in a speech in Hamilton, in which he said:

> According to the latest available official figures the average income of the Canadian non-farm family is $5,000 a year. Taken as an average this is pretty good. But averages are often misleading. Once you start to analyse the figures behind this average you find that out of some 3,600,000 non-farm families in Canada almost 850,000 have cash incomes of less than $3,000 a year. More than 160,000 families have incomes of less than $1,000. That, you will agree, is real poverty.

In a paper presented to the British Columbia Conference on Social Welfare last year by Professor Dixon of the School of Social Work, the University of British Columbia, this paragraph was included:

> When income is related to size of family the following approximate estimates are obtained. In 23 per cent of Canadian families with two or more children the head of the family earns less than $3,000. In 45 per cent of the families he earns less than $4,000.

There is no more direct and important move toward economic expansion than transforming an unemployed slum dweller or a sub-marginal farmer into a skilled worker, a full time producer, a normal spender who thereby creates more work for other people. Economic policies, then, and social policies should move forward together, and they are too often treated as separate and even conflicting. To enlarge opportunities, to improve the ability of people to take advantage of these opportunities is not only to attack poverty; it is to strengthen our whole economy, to increase the prosperity and raise the standards of the whole community.

For a country such as Canada, it also strengthens our unity. The problem of geography has always meant that there have been in Canada great regional differences in economic opportunity and economic interest. This is the main economic factor behind our problems of unity, and sound national policies have always been aimed at lessening them in one way or another. So, Mr. Speaker, to attack today's pockets of poverty is to make a major contribution, in the economic and social field, to national unity. These are the motives for the plan which this government has been developing, with the aim of eliminating poverty and fully utilizing our human resources. It is a plan for greater opportunities. It is not hard to talk about it, Mr. Speaker; the idea behind it is clear enough. But the application is going to be complex and very difficult indeed. Many existing programs will have to be broadened and intensified. New programs will have to be developed. They involve many departments of government and therefore pose problems of federal co-ordination. So there must be, and there will be, set up machinery for this co-ordinating purpose. The responsibility is also federal and provincial, so there is an equal requirement, perhaps an even greater requirement, for co-operation and co-ordination between the two levels of government.

Therefore, Mr. Speaker, I propose a special federal-provincial conference to examine these problems which I have been outlining, which will, I hope, agree on the lines on which action can be concerted in a common cause. We realize our obligation as a government to make specific proposals to that conference. A program of this kind must be developed in stages. I would like to refer briefly to the early stages for which plans have already been prepared, because the right hon. gentleman—and I do not quarrel with him for this—says we are just talking in vague generalities and asks what are we going to do concretely. It is difficult to put these proposals forward in detail at this particular moment, but I would like to say something about the concrete proposals.

First, there is the area development program. It will be extended to other areas which, although not having heavy unemployment as defined for the existing designated areas, do have generally low levels of income. We will be proposing new methods of assisting industrial development in these areas.

Second, we are developing a series of improved measures to help people to qualify for and secure new jobs, to move when they need to, and to get the training they need.

Mr. Diefenbaker: Mr. Speaker, would the Prime Minister allow a question?

Mr. Pearson: A good deal has been done already in this field.

Mr. Diefenbaker: Is the Prime Minister in a position to say, in reference to point No. 1, how many cities or urban communities will be included in this plan; because he says the plan is under way?

Mr. Pearson: All I can say is that the existing designated areas, as my right hon. friend knows, include a good many urban communities. The existing number will be extended to include other areas which do not fall under that particular definition but where over the years in large regions there

has been persistent underemployment and economic stagnation.

Third, because much of our worst poverty and waste of human resources is rural, the government proposes to extend the work of ARDA by creating a special fund to be available for development projects. Of course, Mr. Speaker, this has been referred to: We propose an organization through which young Canadians will have the opportunity to put their idealism and their talents to work for projects of economic and social development both in Canada and abroad. This Company of Young Canadians—which I suspect, sir, will soon be designated as the eager beavers—will be organized to work closely with, but not to replace, the many excellent voluntary undertakings which are now going forward and which can back up and support it if they wish to continue as voluntary agencies. Therefore I propose to appoint, without delay, an organizing committee to report what most needs to be done so that we can submit proposals to parliament at an early date.

• (5:40 p.m.)

Mr. Diefenbaker: Would the Prime Minister say how many are envisaged as the initial number?

Some hon. Members: Oh, oh.

Mr. Diefenbaker: I do not know why all the hooting. The plan has been made and I am asking for information. I thought hon. members would be interested.

Mr. Pearson: When we have canvassed the work being done—and there is some very good work being done in this field—and the resources which these voluntary organizations have and what they need to supplement their work, and when they are in a position to decide what can usefully be done by a significant number of Canadians who are not in any voluntary organizations but who might wish to join the company of Canadian youth, then we will be in a position to decide how far we can go. But I do give the right hon. gentleman that assurance, and I hope that these resources will be available to include in this kind of undertaking all the young people who desire to take part in it.

The fifth item in the immediate program is the Canadian assistance plan, which the Minister of National Health and Welfare (Miss LaMarsh) will be presenting this Thursday at a conference with the provincial ministers of welfare. Because that meeting is taking place this week I propose now to give the house a comparatively detailed outline of what we have in mind for submission to the provinces.

The Canada assistance plan is, I believe, an important further step in the development of Canada's social security system. It is a companion measure to the Canada pension plan. The origin of this new plan goes back to the discussions with the provincial governments concerning the Canada pension plan which were held in September of 1963. The need was recognized at that time for an improved public assistance program, and since that time a number of discussions have been carried forward with the provinces.

In developing the new plan the government has taken into consideration the views of the public accounts committee, which in its fourth report to the present parliament recommended the amendment or replacement of the Unemployment Assistance Act and the closer co-ordination of all measures in the field of public assistance. The government has taken note also of the wide support for a comprehensive program of public assistance that has been expressed by welfare organizations and authorities, including the Canadian Welfare Council.

The plan now being proposed will provide a framework for federal-provincial co-operation in helping those who need help the most. The plan will encourage a co-ordinated approach to public assistance, in place of the present patchwork of support under four federal statutes—the Old Age Assistance Act of 1951, the Blind Persons Act of 1951, the Disabled Persons Act of 1954 and the Unemployment Assistance Act of 1956.

A number of provinces, Mr. Speaker, have already expressed their wish to develop a comprehensive general assistance measure which, while recognizing the varying requirements of different groups, would meet these requirements within one program and within one administrative framework. It may be possible that some provinces will want to continue to assist the aged, the blind and the disabled under the existing programs. This is a matter for decision by the provinces, and federal support for those programs will continue at the option of the province. If, however, provinces accept the new plan—and their interest leads us to think that many of them will—then there will be no longer an income limitation on the assistance available to people now covered by old age assistance. As hon. members know, federal sharing under the present program is now limited to half of the $75 a month. Under the proposed Can-

ada assistance plan payments can be based on an assessment of the recipient's needs.

This important change, Mr. Speaker, will be of special benefit to those older people who have had no opportunity to benefit from the Canada pension plan. In cases of need, additional assistance will be available. This applies not only to those aged 65 to 69 but also to the people over 70, who in many provinces have not had access to assistance up to now.

In addition to this major change in the scope of assistance for elderly people, the proposals provide for three major extensions of the federal sharing of assistance costs. These are: assistance to needy mothers; health care services for assistance recipients; and the costs of sharing in the strengthening and expansion of welfare services for assistance recipients.

First of all, a needy mother: It is estimated that the proposed plan will cover close to 200,000 needy mothers and their dependant children who are excluded from the sharing provisions of the Unemployment Assistance Act. The cost of this to the federal government will be more than $25 million a year.

Second, in accordance with the principle that assistance should be adapted to the needs of the individual, the Canada assistance plan will provide that the federal government will pay half the cost of health care needed by people receiving assistance. This, Mr. Speaker, is obviously essential to a truly comprehensive assistance program. It would be illogical to help to meet people's needs for food, clothing and shelter but to exclude health care for people for whom it is equally essential and who cannot afford it on an assistance budget. To what extent, and how, health costs are covered will depend, of course, on provincial programs, but it is estimated that federal sharing will cost us something between $15 million and $20 million a year.

I should make it clear that the assistance proposals do not include federal sharing in the costs of hospital care, because this is already shared under the hospital insurance program. Similarly—and I think that on this point it is important to avoid misunderstanding—the plan will provide for discontinuing the federal share in other health costs, as such costs come to be covered by future federal-provincial medicare programs. I emphasize this point in order to make it clear that this government does not regard assistance with the medical costs of the needy as in any way a substitute for the development of comprehensive medicare programs.

[Mr. Pearson.]

This, Mr. Speaker, is an interim measure, a step which is needed, as part of our assistance policy, where and as long as medicare is not available, but which will fortunately become unnecessary as we develop comprehensive health services.

The third new element in the assistance plan is the support it will provide to the provinces for strengthening public assistance administration and for improving and extending social welfare services for public assistance recipients. This will help provincial and municipal welfare departments to recruit additional trained staff and to provide for more effective service to assistance recipients. In this way, we intend that assistance should be much more effectively linked to other programs, including vocational training, rehabilitation and job placement. The aim is to enable assistance recipients to move on to achieve the greatest possible measure of self-support. This is one of the sound and constructive weapons to be used in combating both rural and urban poverty.

• (5:50 p.m.)

The effect of these proposals, to summarize them, is that the provinces will be receiving new federal contributions to mothers allowances and health care services. Over the next few years they will also realize large savings in assistance costs as old age security becomes available from age 65. These changes will be of substantial help in making it possible for provinces to provide more adequate levels of assistance to persons in need and also to strengthen social welfare services with the advantage of federal sharing of the costs. We hope, Mr. Speaker, that during the discussions of these proposals we will be having with the provinces this week it will be possible to arrive at mutually acceptable standards to be applied in developing adequate levels of assistance.

The Canada pension plan provides retirement pensions, disability pensions and benefits for widows and orphans. The effect of the Canada assistance plan is that assistance will be available in all of these same cases—as a supplement where it is needed, or as an alternative for people who have not been covered by the pension plan. In this way, Mr. Speaker, social insurance and social assistance measures are being co-ordinated. This aspect of the plan will be particularly important in the next few years. When the Canada pension plan has passed its transition period, its contributory benefits will become the main source of protection, and the role of assistance will steadily decline in importance. That,

of course, is the proper aim for a well integrated social security system, as we hope and believe the Canadian system will be.

We hope, as I have already said, that at these forthcoming meetings we will be able to achieve a broad measure of agreement between the federal and provincial authorities on this Canada assistance plan. In that case, legislation will be introduced at this session of parliament, so that the plan can have effect at the start of the new fiscal year, 12 months from now.

I have outlined in some detail this Canada assistance plan not only because of the meetings which will take place this week, but because of the great interest hon. members have already shown in this matter. It is of great importance in the social welfare programs, and I would remind you that it is one of five measures which are being developed as the first phase of the general program for combatting poverty and improving opportunities. This first phase is, of course, no more than a first phase. A great many other measures will require to be taken under this comprehensive program. They will be taken step by step after co-ordinated preparation and after appropriate consultation with the provinces.

Perhaps I might return for a moment, Mr. Speaker, to medicare. The speech from the throne, and this paragraph has disappointed one or two of my hon. friends, makes clear this government's commitment to the principle that health services should be available comprehensively, irrespective of the financial position of the person needing care. This is a principle of public policy. Its implementation in our confederation involves both federal and provincial governments. There are, therefore, three main questions which arise and which have to be solved. One is the scale and quality of the services to be provided. The second is the timetable on which they can be made available. The third concerns the respective roles of federal and provincial governments and, intimately related to that, the form in which the services are to be organized and paid for.

We recognize that, under our constitution, the main responsibility for the organization of health services lies with the provinces. The federal government, therefore, is informing itself as fully as possible of all the views and approaches to this matter that have been developed in the various provinces. On that basis we will be ready for full discussion at the federal-provincial conference which we had hoped to have before the end of April but which will not now be possible until toward the end of May.

There are, however, certain aspects of the general problems of health care for which the federal government has direct responsibility, and one of the most important of these concerns the quality and availability of drugs and the prices that have to be paid for them. The speech from the throne indicates that the government will set up a special committee to go into this matter, the work of which committee will be facilitated by the government, with a view to arriving at proposals as to how the prices paid by the public can be reduced.

Mr. Speaker, may I call it six o'clock.

Some hon. Members: Hear, hear.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Speaker: It is my duty, pursuant to provisional standing order 39A, to inform the house that the questions to be raised at ten o'clock this evening are the following: the hon. member for York-Humber (Mr. Cowan), Canadian National Railways—Toronto—lease of unused spur line for parking purposes; the hon. member for Yukon (Mr. Nielsen), Administration of Justice—ministers subpoenaed to appear in Quebec Superior Court action.

It being six o'clock I do now leave the Chair.

At six o'clock the house took recess.

AFTER RECESS

The house resumed at 8 p.m.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed consideration of the motion of Mr. Cashin for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Diefenbaker.

Mr. Pearson: Mr. Speaker, this afternoon in dealing with the speech from the throne, that fruitcake as the Right Hon. Leader of the Opposition was good enough to call it, I was particularly concerned with explaining the economic and social welfare proposals of

the government, and what they would do, I hope, for national welfare, as well as what they would do to strengthen national unity. But I am very much aware, as I am sure hon. members are, that the solution of all these problems of welfare, of unity, central to the solution of these problems and indeed of national survival, is the relationship between the federal and provincial governments. This is one aspect, though a very important aspect, of the unity and the strength of the confederation of our country.

I believe, Mr. Speaker, that we must strengthen and improve the federal-provincial relationship in our country so that all Canadians may feel that they are equally served and equally benefited by confederation. I believe that the policies and practices to this end must be based on the principle of what we call co-operative federalism, which is the only kind of federalism which will insure progress and maintain unity. In our confederation, by the very nature of federalism itself, the powers and responsibilities of the state are divided between two sets, two levels of authority. In the earlier days of small and relatively uncomplicated government, this division of jurisdiction was reasonably simple and clear-cut. The total role of government in those days was relatively unimportant, unimportant enough at least for its two major parts to be separated and to operate without treading too much on each other's toes or getting into each other's way or even into each other's hair too much. Therefore, this kind of nineteenth century live and let live federalism with which we in Canada began our great national venture, as difficult a one as ever faced a free people. I believe that our federalism was wisely designed for the time and that it has served Canada well. But it has been apparent surely for many years that the growing scope and scale of government was making the old federalism more and more difficult to operate at both levels of government, provincial and federal. As the demands of the electorate, became more and more concerned with and responsible for measures designed to insure the welfare of the individual, toe-treading became inevitably more common, at times accompanied by a little head shaking and even arm twisting.

Depression and war, of course, have obscured the picture for so many years and made it appear—depression and war made it appear—that the natural and perhaps widest adaptation to big government was greater and greater at the centre, where vastly greater revenues had to be raised and much more important decisions had to be taken which involved the very existence of the nation. Consequently, Mr. Speaker, during and after the war, the federal government was, again with some misgivings in certain quarters, given more financial and political responsibility for the new services that the public wanted in areas of overlapping jurisdiction and of mutual concern.

This trend was not one that could or should continue indefinitely. It could not go very far in normal times, under normal conditions, without producing a strong reaction for the very good reason that excessive centralization would cut across the basis of the political consent on which our confederation rests. It is true that economies of large scale operation and mass communication today exercise strong pressures toward unity. But it is equally true that in a country so large as ours, dual in its origin and in its partnership, multiple and diverse in its composition and its development, its interests and in its traditions, governmental authority and responsibility should in large measure be dispersed. A system which would ignore or reject this need for dispersion would destroy and not strengthen confederation. Those, in my view, who preach the overcentralizing doctrine in the interests of unity or in some other interests weaken unity and might even destroy it.

Mr. Diefenbaker: You did not hold that view in 1950.

Mr. Pearson: I find it difficult, Mr. Speaker, to recall everything I said in 1950. I have held this view all my life, that in the interests of unity there must be the recognition of the need for avoiding overcentralization. But the resistance to undesirable centralization cannot, in my view, mean a return to the "live and let live" federalism to which I have referred earlier. Federal-provincial responsibilities cannot any longer be divided into two neat and separated compartments so that the people responsible for one can go about their business with little thought for what is being done by people on the other side of the wall. Contemporary government at all levels is now far more concerned with positive measures than before, and in these positive measures, problems are shared and responsibilities for them become mingled and, indeed, overlap. What one level of government does, even if strictly within its own jurisdiction, often has an intimate bearing on the problems with which the other has

to deal in its jurisdiction, and which are often parallel to the federal.

• (8.10 p.m.)

A healthy federalism, a co-operative federalism is one in which the two levels of government both fulfil their own responsibilities; and respect each other's, but they do so taking into account their mutual concerns. Where they are responsible for parallel action it should be concerted action and therefore must be built on consultation and co-operation, I believe, Mr. Speaker, to a greater extent than previously, and that is the policy of this government. That is what we mean by co-operative federalism.

It is the policy expressed in, among other things, the formula for making our constitution wholly Canadian by removing the necessity to go to the United Kingdom for amendments. The formula we are proposing—I referred to it this afternoon and am just going to mention it tonight—brings to a culmination many years of patient negotiation on the basis, which all practical Canadians have recognized, that we in Ottawa must have the agreement of all ten provinces on any amending formula. If we cannot get that agreement, and I believe we can—I believe we are getting it now—the alternative is to go back to Westminster and ask the British parliament to take on the responsibility of amending our constitution.

Mr. Diefenbaker: You are still going to have a British statute for a constitution.

Mr. Pearson: This policy involves no abandonment nor weakening of the powers given the federal parliament and the government by the constitution, to act on behalf of all the Canadian people who are represented in this parliament. There are certain powers in the constitution that are reserved to the federal parliament and government, and no government that believes in Canadian strength, progress and unity, and in its duty to all the people of Canada, can give these up.

The point, Mr. Speaker, is that we must exercise these powers effectively, and to do this we must recognize the realities of our history, our geography and our confederation, and the conditions on which our country's unity and progress depend. We must bring the federal-provincial relationship into line with these conditions. That is the basis of co-operation with the provinces which enables us to exercise effectively those powers of national leadership which we must have at the centre, and which it is this government's intention to use, firmly and as wisely as we can, for the benefit of all of Canada, and only in this parliament is all of Canada represented.

Good federal relations are an important part, an essential part of national unity. Equally important, and in a sense connected with them, is a clear understanding of the nature of our confederation, of our country, dual in its origin, with a basic English speaking-French speaking partnership, multicultural and multiracial in its development. We are the stronger and the richer because of the nature of our origin and of our development, although the extremists and the indifferent do not seem to realize it.

It is my view, contrary to what the right hon. gentleman said this afternoon in a very pessimistic statement, that extremism and disunity are weakening, that moderation and good sense, the moderation and good sense of all the Canadian people, are growing, and that difficulties and problems are being faced and that they will be overcome.

Much of our difficulty in strengthening national unity, as I understand it, is due to the ignorance of the character of our confederation, and indeed due in some part at least to confusion and misunderstanding over words. There is no doubt we are one confederation. We are one state, one country before the world. Are we one nation or two? Are we one race, or two, or many? Are we one culture, or two, or many?

There is a special difficulty—and I think we must face up to it and, if we do and solve it, it will remove some of our problems of semantics—over the word "nation"; and this difficulty, which leads to confusion, comes from the identification of nation and state.

France, for instance, is one nation and one state; but not Switzerland, or Belgium, or India, or Malaysia, and a number of other states in the modern world. In this sense many nations do not have, nor do they desire, political sovereignty. The term "nation" as I understand it, belongs to sociology, to history and tradition. It indicates the way of life of a group of human beings, a group with common language, traditions, culture, customs, feelings and, above all, the will to live together as a group. Surely, Mr. Speaker, this justifies and explains the validity of the concept of a French-Canadian nationality.

As the right hon. gentleman, the Leader of the Opposition, said on July 22, 1963, in this house, as recorded at page 2442 of *Hansard*:

> When confederation took place, a new nation was created in the partnership of two basic nationalities.

And as Dr. Eugene Forsey put it, I think very well, in the Canadian Journal of Economics and Political Science, some time ago:

> Canada is both two nations and one; two nations in the ethnic cultural sociological sense; one nation in the political legal constitutional sense.

I believe we should recognize that in the historical and linguistic and cultural sense our country is basically composed of two nations which must have equal rights and equal opportunity in our land. But that is not enough, Mr. Speaker. May I quote from the brief of McGill University to the Royal Commission on Bilingualism and Biculturalism, some words which I think are very pertinent on this point, and very wise:

> The future of Canadian federalism depends upon a series of new relationships in which minority and majority perspectives from the older period become refashioned. This means particularly not only that French speaking Canadians shall feel at home in Quebec, but also that they shall have opportunities for fulfilment without minority feelings in Canada as a whole.

The same applies to the English speaking majority, and this is the basis of partnership. But partnership itself is not enough in this country. The brief goes on to say this:

> Whatever the character of the Canadian future, any suggestion that a two-culture society means a two-race outlook would be totally incompatible with the multi-ethnic character of the present Canadian population. While a partnership between the two founding peoples and cultures may have some historical validity—

I believe it has.

> —such a partnership concept has no meaning today except for the partnership between cultures. There are no second-class Canadians, and the future of a socially healthy Canada depends not merely upon a recognition of the vitality and relevance of both cultures but equally on the vitality and relevance of all the non-French, non-Anglo-Celtic minority groups that comprise the Canadian montage of today.

• (8:20 p.m.)

I believe these words to be profoundly true and the concept embodied in them is the only concept on which we can grow as a united, progressive Canada. But above all—and I should like to end with these words—we must also recognize that a single Canadian state, a federation, also exists which unites as Canadians the two founding groups and those of other races who have joined us. So there is a Canada above its parts to which we owe loyalty and service. This need not conflict with any other loyalty to province or race.

When we no longer talk about Canada and Canadian unity in this country, Canada is on the way to disappearing, and who will gain by that among all the people who have settled and developed this great country? None of us wants this to happen, and it will not happen.

I know, and I have emphasized, that regional, provincial or racial feeling is legitimate and important in itself. As Lord Acton put it in a famous essay, the combination of different nations in one state may be as necessary a condition of civilized life as the combination of men in society. That is true. But Canadian unity cannot be maintained nor the federation whose centennial we shall soon be celebrating survive, if provincial or racial feeling is carried to the point of reducing to a weak abstraction loyalty and love for Canada as a country. There is no more important task before us in this parliament as representatives of all the Canadian people from every province and from every part of Canada than to see that this does not happen. And I believe that in this session of parliament we can make a useful contribution to seeing that it does not happen.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, the house has listened attentively to the far-ranging and interesting speech which the Prime Minister (Mr. Pearson) has just delivered. Many of the things he said this afternoon and this evening will, I am sure, be concurred in by members of this party. I could not help but feel, however, when I was listening to the right hon. gentleman, that in his recent trip to Camp David to visit with President Johnson he must have made a deal by which in return for supporting United States policy in Viet Nam, President Johnson allowed him to use some of the left-over slogans from the recent election campaign down there.

Some hon. Members: Oh, oh.

An hon. Member: Cheap.

Mr. Douglas: I am sure I will be pardoned if I have become somewhat sceptical about the sudden enthusiasm for social and economic reform which the Liberal party always displays when it is in trouble. When the Prime Minister was outlining some of the facts regarding poverty and suffering in this country—facts which some of us have been drawing to the attention of successive governments for more than a quarter of a century—I could not help but recall that we have had a Liberal government in Ottawa for 33 years out of the last 45.

We now find that after 33 years of Liberal administration we have to mobilize a war

on poverty. I may be pardoned for being sceptical when I recall that in 1945 the Liberal government brought down the so-called green book proposals which went much further than anything the Prime Minister has suggested today and much further than anything outlined in the speech from the throne. I attended that conference. Probably it was my naïveté, but I went home convinced that we were entering a new era in federal-provincial relations and building a new Canada. Well, every member of this house knows that those green book proposals are still gathering dust. Virtually nothing was done to implement them.

Since my time is limited I intend to devote most of it to a discussion of what is contained in the speech from the throne, and what is not contained, in the speech from the throne. I may say at once that the weakness of the speech does not lie so much in what it says as in what it fails to say; not so much in what it contains as in what it omits. We in this party do not quarrel with the bits and pieces of legislation proposed but rather with the failure to provide a comprehensive program designed to meet the challenging times in which we are living. We don't want slogans: We want programs. We want more than words: We want action.

The major failure of the speech from the throne is its failure to recognize that we have entered a new era in world history—the scientific revolution. Over a century and a half ago the steam engine launched mankind into the industrial revolution. That era brought with it great blessings with the result that the human race has made more technological progress in the last 150 years than it had made in all the thousands of years during which man inhabited this planet. But it should not be forgotten that the industrial revolution also brought with it economic dislocation and human suffering. As Santayana once said, "those who will not learn from history are condemned to repeat its mistakes." We have the responsibility, as members of this house, to remember that the scientific revolution upon which we are now embarked will have an even more dislocating effect upon our economy.

• (8:30 p.m.)

The industrial revolution replaced man's muscle with a machine: the scientific revolution is replacing man as a minder of the machine. Automatic factories operated by electronic computers are already here. The industrial revolution affected unskilled labour: The scientific revolution is going to displace skilled workers. The industrial revolution affected manual workers: The scientific revolution is going to have an adverse effect upon whitecollar workers, bookkeepers, estimators, statisticians, clerks, stenographers. The anomaly of our time is that in a period when our society is capable of producing more of the good things of life than ever before in human history, people have a greater sense of insecurity. There is hardly any form of economic activity that will not be affected by automation and cybernation.

The scientific revolution can be either a curse or a blessing. I want to advance the thesis that it can be a blessing; that it can do three things for our society. First, that it can raise living standards far beyond our fondest dreams. A United States study has just shown that since 1960 productivity per man-hour has risen on an average of 3.5 per cent per year, a rate which is well above the immediate post-war period from 1945 to 1960. It is now estimated that with this increased productivity the United States can increase its gross national product by anywhere from $60 billion to $75 billion a year. The era of scarcity has ended. We in the western industrialized civilization have an almost unlimited capacity to produce all the things we need for our creature comforts. It is now possible to have the two great freedoms that Roosevelt talked about, freedom from fear and freedom from want.

Second, the scientific revolution can improve the quality of life for millions of people in our society. Cybernation will release man from drudgery and set him free to develop the things of the mind and the spirit without which man is little better than the beast of the field. The scientific revolution will allow man to concentrate on providing equality of educational opportunity, of promoting good health, creative leisure, and on a new flowering of the human spirit.

The third thing which the scientific revolution can do is enable Canadians to play their part in waging relentless war against poverty, ignorance and disease in the underdeveloped countries of the world. As Adlai Stevenson pointed out, there is another revolution going on in the world: It is the revolution of rising expectations. Two thirds of the world are not going to live in poverty and misery while we enjoy all the benefits of affluence. World peace depends upon our ability to help the newly emerging nations to enjoy some of the benefits of modern technology, not only in terms of goods but in terms of making personnel available, such

as teachers, doctors, nurses, scientists, agronomists, and technicians.

I was glad to hear the Prime Minister speak this afternoon of the Company of Young Canadians that is to be formed. I have great faith in the young people of this country. I believe they will respond to the challenge, and I believe they will make a great contribution toward raising the standard of living and the quality of life in some of the underdeveloped countries of the world.

Mr. Speaker, the scientific revolution can be a blessing, but I point out that it will not come about automatically. Left to itself, cybernation will cause widespread unemployment and economic dislocation. It is no longer sufficient for society to change with the times. The future belongs to the society which anticipates change and plans to meet the adjustments that the scientific revolution demands. A new force is in our hands; we have to channel it and direct it for constructive purposes.

We in the New Democratic party believe that Canada must set goals for the abundant society. It is strange that, despite the fact that we have a higher standard of living than our forefathers, there is a growing feeling of uneasiness in this country. People speak of crisis without defining it. I think they sense that the real crisis in Canada is the lack of leadership; that the government has so far lacked any clear sense of direction, any sense of national purpose; the government has failed to set goals that will challenge the Canadian people to put forth every effort for their attainment. The tragedy of the speech from the throne is that it is aimed at the ideal of the stable government rather than the dynamic government.

In this debate, sir, the members of the New Democratic party will deal with several aspects of the most important goal that we think Canada should be moving toward. That goal was set forth by the Economic Council of Canada. In their first report they suggested that Canada must create one and a half million jobs in the next five years; that our gross national product must grow at the rate of 5½ per cent per year in constant dollars; and that we must reduce unemployment by 1970 to at least 3 per cent; that we must in this five-year period, if we are to get even close to full employment, increase our gross national product by $20 billion. We do not suggest that this is the only goal for Canada —there are many goals—but this is the goal upon which the success of all the other goals will depend. If we fail to attain this goal, then it will be extremely difficult to achieve any of the other goals.

In the course of this debate, sir, we propose to suggest seven programs for the attainment of this objective of creating one and one half million jobs, increasing our G.N.P. by 5½ per cent, in constant dollars, and increasing our total productivity by $20 billion.

First, we propose a program of economic planning, and I intend to deal with that in the course of my remarks this evening.

Second, we shall propose a manpower policy, because we believe that economic growth is meaningless for those who are out of work due to automation or lack of training. These are the men and women who have been thrown on the slag heap of our society. We need a manpower policy which will give them a meaningful role in our society.

• (8:40 p.m.)

Third, we shall make proposals for maintaining the stability of price levels. The Economic Council of Canada says that we must keep price increases down to at least 2 per cent per year or inflation will rob us of all our gains. This is important. There is little value in giving a few more dollars a month in pensions if the increase in the cost of living takes it all back again. We suggest that the government must have something more positive to grapple with this problem than they had when the steel companies increased the price of steel, when the best the government could do was to suggest that the Economic Council of Canada look into the matter. The consumer is defenceless. The government has a responsibility to do something about increased prices and to see whether or not they are justified and warranted. The government cannot afford to hide behind the constitution. The government has the responsibility to work out with the provinces where the responsibility lies, and we shall discuss this in the course of this debate.

Fourth, we will discuss the monetary and fiscal policies which will promote economic growth and direct investment into channels which will develop Canadian resources under Canadian ownership. We support the proposal of the Economic Council of Canada that we must use Canadian savings to give Canadians a greater voice in making the economic decisions that will determine our future economic destiny.

Fifth, one of our members will discuss the social goals which we must establish in this next five-year period by the setting up of social security measures and comprehensive medicare because increased productivity now

makes it possible to provide these services in a modern and abundant society.

Sixth, we shall deal with a federal aid to education program which will set out the kind of assistance the federal government can give to the provinces so that they can develop citizens capable of meeting the demands of a modern, technological society.

Seventh, a member of this party in the course of this debate will discuss the constitutional framework within which a dynamic program can live and move and have its being without being restricted by the dead hand of the past.

I was interested, Mr. Speaker, in the Prime Minister's comments this afternoon and this evening to the effect that the matter of the constitution and its amending formula must be decided by parliament. Well, Mr. Speaker, we have never yet been able to get a satisfactory answer as to whether or not this amendment procedure is going to be sent to a committee of parliament, where we may call in constitutional experts and where members from all parties will have an opportunity to familiarize themselves fully with the effect of this amending formula. We are in great danger of having constitutional amendments by federal-provincial conferences. Now, federal-provincial conferences have a place, but it is rather strange that, at a time when the B and B commission are telling us that this country faces a crisis, the one group which is not going to have any real opportunity to discuss and analyse the constitutional amendment are the members of parliament. We are going to be presented with a *fait accompli* which has been worked out at a federal-provincial conference and approved by ten provincial legislatures. We want to discuss this matter, Mr. Speaker. We are in favour of the repatriation of the constitution. We are not in favour of putting the Canadian constitution in a strait-jacket.

Now, Mr. Speaker, we believe that this country can and should plan for abundance. We start with the positive conviction that change must be managed; it cannot be left to happen automatically. For this economic planning the initiative and responsibility lie primarily with the federal government. Private planning by individuals and corporations for their own welfare does not automatically contribute to the improvement of the general welfare. We cannot leave the adjustments which cybernation demands to the private sector of the economy. Man's destiny cannot be settled in the marketplace. This has been illustrated by the fact that in the United States over one half of the new jobs which were created in that country between 1957 and 1962 were in the public sector, predominantly in the teaching profession. Of the 4,300,000 jobs created during that period, only about 200,000 were provided by private industry through its own efforts; the balance was in the services or in the public sector. This demonstrates that only government planning and government direction can create jobs, promote economic growth, retrain displaced workers and regain control of the Canadian economy.

We must plan for abundance. We must set goals and mobilize our resources to reach those goals. In this day and generation laissez-faire is dead. We cannot sit back and expect that somehow or other economic forces left to themselves will work out the solutions. Change must be managed. New Democrats believe that our economic, social and political institutions exist for the benefit of man, and that man does not exist for the maintenance of a particular economic system. Our belief is based on the conviction that governments are instituted among men for the purpose of making possible life, liberty and the pursuit of happiness, and that democratic government is a positive and a creative instrument for attaining those ends. As we see it, democracy means a community of men and women who are able to understand, express and determine their own lives as dignified human beings. Democracy can only have meaning in a political and economic system in which wealth is distributed by and for the people and is used for the benefit of society as a whole.

It is true that economic planning is not as simple in a federal system as it is in a unitary form of government. However, the fact that we are a federation is a gain rather than a hindrance. It means that planning must be decentralized and tackled at all three levels of government, which is all to the good if we are to get more people involved in the planning process. But the responsibility for establishing goals and setting forth the priorities for their attainment lies with the federal government, and so far it has lamentably failed to do so.

The government of Canada is only playing at economic planning. Two years ago it set up the Economic Council of Canada. They have competent staff. But to date they have been used for two purposes—to gather data which will assess potential growth and describe desirable objectives. This is not indicative

planning. This is the basis upon which indicative planning may be built, but there are two other steps which need to be taken but which have not been taken. The first is to set out priorities for reaching these desirable objectives, and the second is the establishment of a program of action so that the goals will become realized.

• (8:50 p.m.)

The government in its speech from the throne seems to have completely forgotten about the Economic Council of Canada and the role which it can and should play under indicative planning for this country. I should like to say a few words about the federal government's role in planning for abundance. The Economic Council has pointed out the need for effective demand. Cybernation has solved the problem of production and the government must now pay attention to the problem of consumption in a society where fewer people are required to produce the goods and services which we need. The real question is, how are people going to buy the abundance of things which modern technology has made possible.

It is quite conceivable that at some time in the future every citizen will have to be guaranteed an income in order to enable him to buy the products of our farms and factories. To my mind that day is some time off because there is a tremendous backlog of social capital needs such as housing, schools, hospitals, urban renewal, parks and recreational facilities. These can occupy our surplus resources for a good many years to come. After all, there is little value in living in a scientific era if we have not got water that is fit to drink, air that is fit to breathe, streets in which there is room to drive your car, hospitals into which you can get a member of your family when he is sick, and schools into which you can get your children who want an education.

The federal government has the fiscal and monetary powers to create jobs and stimulate economic growth. Its first task is to increase the purchasing power of those whose present incomes do not permit them to buy the things which we can now produce in such abundance. Over the past five years the Economic Council of Canada has estimated that we have lost $2.8 billion each year in potential production. That is roughly $140 annually for every man, woman and child in Canada. This represents about $700, for a family of five, which has been lost in goods and services that we might have enjoyed, had we mobilized our physical and economic policies to achieve full production.

[Mr. Douglas.]

I would like very briefly to outline some of the things we think the government should do if it is going to increase the buying power in the pockets of the 40 per cent of the population of this country which lives either in a state of poverty or in a state of deprivation.

1. It must step up our programs of social capital projects, particularly in low-cost housing, urban renewal and construction grants to educational institutions at all levels, and have the unemployed put to work on these projects.

I was pleased with what the Prime Minister said about the Canada Assistance Plan in so far as it applies to the disabled, the aged and the blind, but let us never think for a moment that unemployment assistance legislation is the answer to the problem of how to take care of those who are out of work. This answer lies in employment in the economy, and employment in industry and, where that is not possible, employment at regular wages on social capital projects.

2. The government must mobilize all Canadian savings so as to promote industrial development and to enable Canadians to regain control of the Canadian economy. I notice in the speech from the throne the government has once more talked about the Canada Development Corporation. Once before the Minister of Finance (Mr. Gordon) introduced it, and then lost his nerve. I hope he will not lose it this time. We believe he must go much farther than this. We think the day is coming when this government, or some other government, will have to set up a national investment board to direct investment into the development of those resources and those industries which will best create employment and increase Canadian productivity.

3. We advocate cuts in income tax for those in the lower income groups. When the Prime Minister was speaking today about the large number of people who earn less than $2,000 a year and $3,000 a year, it occurred to me that one of the immediate ways the government could help those in the lower income groups is to raise the exemption on personal income tax to at least $1,500 for single persons and at least $3,000 for married persons. This would give them a little more purchasing power to buy the goods and services we want to dispose of.

4. We think the government ought to tackle the cost-price squeeze which is wreak-

ing such havoc on the agricultural economy. The decline in wheat prices presents the government with an excellent opportunity to implement the wheat policy which it was argued into announcing in March of 1963. The two price system and the guarantee of $2 a bushel would maintain the purchasing power of the prairie farmer and would boost his ability to buy the goods of eastern industry. Farmers, other than wheat farmers, need better deficiency payments and assistance in collection, storage, processing and marketing of their products. From 1949 to 1963 net farm income dropped by 9 per cent at the same time that the cost of food to the consumer went up by 12 per cent, and at a time when the food processing and beverage companies of this country more than doubled their profits.

I notice that the speech from the throne says that the government—

—is developing new policies to enable farmers generally to achieve larger and more reliable incomes—

They do not need to develop new programs; all they need to do is use some of the programs they advocated in the election campaign. They do not need new planks; they can use the planks left over from the 1963 election campaign. They are as good as new —they have never been used.

5. We advocate an increase in pensions. During the previous session we argued very strongly for raising old age security pensions to $100 a month payable at age 65, not only on humanitarian grounds, because we believe that these people who have spent their lives in the service of this country, are entitled to comfort in their declining years, but also because this would be one of the quickest ways of stimulating the purchase of consumer goods. The government has a chance in this way to make a virtue out of necessity.

6. We believe that comprehensive, universal medicare for all Canadians under a government sponsored and government operated health insurance program would not only raise the health standards of the people of this country, but would also help to redistribute income and thereby increase the purchasing power of those in the lower income brackets.

• (9:00 p.m.)

I am going to move an amendment on this, Mr. Speaker, but I should like to make some remarks about it if I still have the time. I would like to move, seconded by the hon. member for Port Arthur (Mr. Fisher):

That the amendment be amended by inserting therein, immediately after the words "because of confusion and indecision in dealing with national problems," the following words:

"including their failure to present specific proposals for a universal and comprehensive medicare program for all the people of Canada."

The government has no longer any excuse for not providing a comprehensive medicare program. They have had excuses in the past. The Liberal party have been talking about medicare since 1919. We have had the report from a royal commission, a report which in my opinion is probably the most extensive and exhaustive report on this subject that has been printed in the English language. This report says, first, that Canada needs medicare; second, it says that Canada can afford medicare; and third, it says the government should take action immediately within six months of receiving the report to call a federal-provincial conference in order to begin laying plans for its implementation.

Well, this report was tabled last June and nothing has happened. Now, the government says in the speech from the throne that it is going to call the first meeting of the governments of the provinces in order to discuss this matter. In several of the provinces phony medicare plans are being proposed with a view to forestalling a comprehensive national health insurance plan. If the federal government fails to act, and to act promptly, these plans will become established and we will set the clock back 25 years in our march toward national, comprehensive medicare. Action is needed at this session, not just to meet and discuss with the provinces.

The federal government knew for months before the Hall commission reported the views of the provinces because the provinces had submitted briefs to the Hall commission. They could have been ready with proposals. Instead of that they have allowed some nine or ten months to elapse without doing anything. Now, the Prime Minister (Mr. Pearson) tells us he is going to meet the provinces some time about the end of May. We say the federal government, in the light of the Hall commission report, in the light of the abundance of data and material which they have supplied, should be in a position to put legislation before parliament and place draft legislation before a federal-provincial conference, setting out the respective stages by which a province may move toward a comprehensive, complete health insurance program. We ought not to slow the provinces down to the pace of the slowest province. Provinces should be

able to qualify at whatever rate they are willing to move.

There are some provinces who have an adequate number of doctors in ratio to their population and who, very quickly, could qualify for medical care. Then, they could move on to dental care and other health services. Some provinces would take longer to qualify. However, the fastest way in which comprehensive, universal medicare could be established in this country would be for the government to bring legislation before this house to give the provinces a series of objectives toward which they could move. If some provinces move more quickly than others, they will get the benefits more quickly. If other provinces are tardy, then it will take them a greater length of time before they get the full benefit.

This question of health insurance, Mr. Speaker, has been bandied around by the Liberal party for some 46 years. I want to say how disappointed we are that the very best they could tell us now is, if I may quote:

> My government believes that public policy should be directed to improving the quality of health services and to ensuring that all Canadians can obtain needed health care, irrespective of their ability to pay.

There is no commitment here for a universal, comprehensive, all-embracing medicare program; no commitment here for health insurance that will be government sponsored and government operated. The phrases which have been used in the Speech from the Throne could apply equally well to an insurance company operated plan or to a plan which the Hall commission—

Mr. Deputy Speaker: Order, I have to interrupt the hon. member to inform him his time has expired, unless he has unanimous consent.

Some hon. Members: Agreed.

Mr. Douglas: I should like to thank hon. members and I will only take two or three minutes to finish.

Within the terms used in the speech from the throne, it would be quite possible to have a medicare system in which the people of this country would be divided into two categories, those who are able to pay the premiums for an insurance company sponsored plan and those who, under a means test, would have their premiums paid in whole or in part by the government. This kind of plan was examined and rejected, rejected outright, by the Hall commission. However, nowhere in this speech from the throne does the government say it is determined to proceed with the kind of medicare program which the Hall commission outlined for the people of this country.

I should like to conclude by saying that a new era in human history has been ushered in. It brings with it rich benefits for those nations who know how to use it. The failure to make the necessary adjustments is fraught with danger. The tempo of technological change is being speeded up. We have only a few years left in which to meet the challenge of a scientific age. There is nothing in the speech from the throne to indicate that the government is alive either to the opportunity or to the dangers that confront us. If the government fails to create the desirable goals and lead the Canadian people in a crusade for their realization, then we shall be plunged into unemployment, economic stagnation and human misery. This is the time for decision. To use the Prime Minister's own words, when I read the speech from the throne I could find nothing in it that would either excite the daring or test the strong.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, it is a privilege to be able to take part in this debate in reply to the speech from the throne. I should like first to congratulate the Mover (Mr. Cashin) and the Seconder (Mr. Chrétien). As young men, capable and dedicated to the work of the House of Commons, the hon. member for St. John's West (Mr. Cashin) and the hon. member for St. Maurice-Laflèche (Mr. Chrétien), are certainly worthy of the honour the government bestowed upon them. However, I think it might have been more befitting if both of them had been present today to listen to the contributions of the Prime Minister (Mr. Pearson) and the leaders of the other parties.

• (9:10 p.m.)

In the first place I believe the government is to be commended on the throne speech, for picking up the diligent and constructive work carried on during the last session by the special committee on procedure and organization. As we move farther away from the last session I believe the work that was accomplished during it will come into more clearly defined perspective, and it will be recognized that one of the most constructive pieces of work was that accomplished by the special committee on procedure.

I am sure that during the dying days of the last session all of us were concerned that the results of the committee's work might be lost.

Therefore I am pleased to see the government is picking up that work and I hope we can expect action in this regard very soon this session. Considering the amount of work outlined in the throne speech, unless we reform the rules under which we operate, it will not take 14 months to get through the program; it will take two years. I suggest that the government move quickly to introduce, at least on a trial basis, some of the recommendations placed before the house by that special committee on procedure. It is imperative that the house rules be modernized if we are to cope with the load of work presented to us.

I am also grateful to see the government has seen fit to mention the need for a parliamentary commissioner or ombudsman, but I fail to understand its trying to evade the issue by saying a royal commission is necessary to give further study to the proposal. The committee which studied the role of an ombudsman, and which presented a report to the house, did a very thorough job. I had hoped the government would take that opportunity when the report was presented to indicate it intended setting up the institution of a protector of individual civil rights, which is the role of an ombudsman.

I also commend the government on the stand it has taken with regard to Viet Nam. It is essential that we face facts. I do not think any amount of appeasement will ever bring peace in the world, a peace which must come because the futility of war has been demonstrated in every corner of the earth as something that will not settle arguments but which destroys nations. The submission of an idea or a country into slavery by another idea or other country, is certainly no way to bring about the peaceful settlement of our problems and permit the development of our resources, both human and material, as they must be developed.

I found it interesting to note that just yesterday the Prime Minister of Australia said that "the United States intervention in Viet Nam was the greatest act of moral courage since Britain stood alone during the second world war." He described the United States action on behalf of the free world "as one of the greatest manifestations ever of justice and principle."

This does not mean we must always follow the pattern or echo the words of our great neighbour to the south, but let us understand very clearly that compromise is not necessarily the answer to the problems we face in that part of the world.

As one listens morning by morning and evening by evening to news reports, particularly those of the C.B.C., he wonders whether or not the policy makers of this continent are Walter Lippmann and James M. Minifie, with a few echoes being carried on this side of the border by the leader of the New Democratic party, the hon. member for Burnaby-Coquitlam (Mr. Douglas).

Why do we not hear complaints about the persecution of the Jews in Russia? Why do not the peace marchers protest the murder of tens of thousands of Viet Nam villagers by the Viet Cong? Why have we not heard protests through the news media about the tens of thousands of Congolese villagers who have been murdered by rebel forces which receive the encouragement of communist nations?

Through the confusion of the problems which beset us we seem to have lost sight of many of the things which really count. What is our concept of a world? Is it a place where mankind can live in peace, with nations as neighbours, where we respect the divisions that divide us and yet give each of us the dignity which a human being should have? Too many of our leaders are not convinced sufficiently of the things in which they should believe, and because they are not, we have to pick an uneasy way out of the dilemmas in which we find ourselves.

In this regard the suggestion by the government to set up a Company of Young Canadians is a good idea. It can be a tremendous thing for the youth of the country, not only from the point of view of developing some of the finer things of life but also developing a sense of responsibility and discipline. One of the greatest needs today, in an age which is characterized by loose morals, is a secure sense of responsibility, and those things which strengthen discipline on the one hand and provide the opportunity for a responsible effort on the other, will help build our nation. But even beyond that, such a project if it were properly conceived and based on the highest principles which are essential to a free way of life, would help us shoulder our responsibilities to the other parts of the world and give our young people the opportunity to go out and help others less fortunate than themselves.

This has a double barreled effect, as I have observed in many underdeveloped countries. Not only does it accomplish what is necessary in helping those people help themselves, but it is a tremendous help to the country from which the young people set out, particularly when they later return to take up places of responsibility in their own country.

Though we have no idea how the government intends to set up this project, I believe it is one of the greatest things that could ever happen to our young people.

• (9:20 p.m.)

It is also good that mention has been made of the need to bring in new regulations relating to broadcasting, and that finally something will be done to introduce legislation that will assist our publications. What I have often been concerned about is the fact that we seem to have lost our sense of Canadian identity. I have no time for those who say a Canadian does not have any identity. I have lived too long outside this country, working shoulder to shoulder with fellow Canadians, not to know the impact which has been made on the people in the areas in which we have served—not to know that we have a national identity and character which, unfortunately, is recognized more often by foreigners than it is by our own countrymen at home. We hear it said that to a Britisher a Canadian is someone who is not an American, while to an American a Canadian is someone who is not a Britisher. These are platitudes which no longer apply. What we need is a greater sense of purpose and a greater understanding of that identity within Canada itself.

I believe that in the area of broadcasting there is a tremendous need for change. It is essential in this regard that our national broadcasting system—and we need the C.B.C. —must be made responsible to someone and that the set-up should be adjusted accordingly. Power is dangerous whether it lies in the hands of a man, a party or an organization, and absolute power corrupts. In this regard unless a public organization like the C.B.C. has the same sense of responsibility as elected members of this house have toward those who elected them, nothing but mismanagement, shall I say, can be expected in terms of the responsibility which rests upon the shoulders of the corporation. I would hope, therefore, that when the government considers the changes necessary in the broadcasting field the organization of the C.B.C. will be strengthened so that it may better be able to respond to this challenge.

I realize that the Board of Broadcast Governors is making an effort to encourage the inclusion of a larger Canadian content in broadcasting. Many of our radio and television stations would respond if the material were available. Unfortunately many of them do not have the financial resources to produce material, other than that which corresponds to strumming a guitar and the "pop" music we hear all too often from our radio stations. There are tremendous possibilities here if only leadership were given. Perhaps this is an area in which the Canada Council might be the best organization to do this particular job, provided the funds were available.

It is essential, too, that something should be done with regard to publications. Not only the present government but the previous government failed to meet this need. It is now many years since the O'Leary report was given to us, and ever since then it has been gathering dust in a pigeonhole. It may be that not all the recommendations of that royal commission are applicable, but certainly the principles on which they based their recommendations are valid. If we are to have a Canadian publication industry, as is necessary to the Canadian identity of which I have spoken, something must be done to give Canadian publications a chance to survive.

I should like to mention at this point one of the best English language publications, I think, which has come on the market this year. It is a magazine entitled the *Canadian Boy,* published by the Boy Scouts Association of Canada. This fills one of the big gaps which exists as far as our younger boys are concerned, and I am pleased that a publication of this type should have come on the scene in Canada. We need more like it to reach the other levels of the Canadian people.

It adds up to this: There is an imperative and urgent need to do more about developing a Canadian identity and give us the sense of purpose we must have. If we fail to do this I do not think we can have too much to complain about if we lose the struggle presently being carried on for the minds and hearts of men across the world. What does it matter if we solve all the problems which relate to the material life? Suppose we do find a way of using automation so as to profit by all it can mean in this age of plenty, if we lose the finer things in life and those things which go to give us an assurance that this civilization and the world will continue for a while longer. Sooner or later we shall have to realize that this involves the needs of the entire world. We cannot have an organized world with disorganized men any more than we can have an organized Canada with disorganized Canadians.

There is much to be encouraged about. There is no need for a pessimistic attitude.

We cannot continue to shout the cry of the pessimist. I was interested in an editorial which appeared in the April 3 issue of *Maclean's* magazine. My attention was drawn to this editorial in this magazine which appeared under the title: "Give those crepe-hangers a holiday". I will not put it all on the record although I think it is all worth doing so, but there are a few thoughts which I think are important enough to mention. It says:

> Canada is a big rich country, with an eventful past, a prosperous present, and a promising future. Its people are among the most fortunate in the world. Almost everyone in the world seems to know this—except a few of us.
>
> We are getting tired of Canadians who are getting tired of their country. We are weary of citizens who worry so much. We have become impatient with the panicky and the pessimistic, with Canadians who are so preoccupied with our problems, so overwhelmed by our crises, and so upset by our scandals that they want to give up, or run away, or join the United States.
>
> Of course Canada has its problems: We have always had them. We've had scandals before, and unfortunately will likely have them again. They are serious, but Canadians are a serious people possessed of great strength. Our past failures were not fatal ones; basically sound government did not end. Our institutions remain strong and democratic freedom is still cherished, corruption is the exception in our public life and honesty the rule.
>
> Canadians are troubled over the apparent ineffectiveness of parliament and obstructionism in the Commons.

The article then proceeds to elaborate on that point. These are words we should think about because we should be proud that we are part of the Canadian scene today shouldering the tremendous challenge we have toward improving it and strengthening it.

I find that the speech from the throne is repetitious, ambiguous and vague in what it says or does not say about the basic economic needs of this country. I do not think it is good enough to say complacently that these are good times and all is well. For the moment things may appear on the surface to be in good shape. But the estimates point in another direction. To say what should be our goals is one thing; we need to define our goals. How to get there is another matter, and the important thing is to point out the path which will lead us to these goals. We must recognize that we have solved the problems of production but that all the economic planning in the world will be of no avail unless it includes the adjustments in our financial system necessary to bring about the just distribution of this potential plenty without driving us further into the controlling arms of the state. When I consider the estimates presented to us, I say this: If in prosperity we cannot balance the budget, what will be the situation in adversity or in times which are less affluent? In fact, in the estimates passed last Friday night there was one item of some $396 million which represented the deficit in the superannuation account that was passed over into the national debt with hardly a murmur or word spoken at all. When more than $1,100 million is required in this next fiscal year to pay the interest on the national debt alone, then something is wrong. That is an increase of more than 10 per cent over last year. Out of every tax dollar collected, nearly 14 cents of it is going to be used to pay off the interest on this debt.

• (9:30 p.m.)

No one can disagree with a declaration of war on poverty. There is no need for poverty in this rich land of Canada. There is no reason except our own inadequacy and our own inability to face up to a few simple facts that we should be able to see clearly. If the affairs of this nation, both private and public, were properly managed there would be no need for anyone living in any other than adequate conditions with a good standard of living. Our own good judgment and willingness to work and develop our national resources should be the only limitation to the good life we should be able to enjoy in Canada; and that includes everyone. I agree with the hon. member for Burnaby-Coquitlam (Mr. Douglas) when he says that we are in a new era and the age of scarcity is past. We now live in an age of abundance; but the real problem in this age of abundance is not just planning; it is a problem of distribution where we will be able to distribute the production they themselves as producers are able to produce. Therefore there are some very fundamental things that we must not pass over.

The throne speech refers to the farmers of Canada and new policies which will result in larger and more reliable incomes to bring the agricultural industry up to the level of other parts of the economy. The Minister of Agriculture (Mr. Hays) has already enunciated a new dairy policy. I believe that in his recent trip "down under" he must have received a good many ideas for his dairy policy from New Zealand, because I recognize most of them. The only difference is that he will subsidize dairy products with money he must first collect from the taxpayers, instead of using the Bank of Canada as the New Zealand government today is using the Reserve Bank of New Zealand to make sure that the two-price system operates not only

to the benefit of the farmers but also meets the competition in the world. There is mention in the speech from the throne of an economic development fund for rural Canada, of a general declaration of war on poverty and the establishment of a Canada Development Corporation to assist in the development of Canadian industry. These in themselves are good, but how are they going to reach their objective?

I think the most important issue facing us this session in the immediate weeks ahead is the revisions that must be brought into the Back Act. Fortunately there is a built-in time limit in this particular matter because, if by July 1 those amendments are not made, every bank in the country will close. This brings me to just a few remarks about the services of the Bank of Canada and what they should be. At the present time the Bank of Canada holds approximately 15 per cent of the national debt. This is something that many of us do not realize, but I quote from *Hansard* of August 7 last when the Minister of Finance (Mr. Gordon), as reported at page 6552, said this:

These holdings—

That is, that part of the national debt held by the Bank of Canada:

—comprise 14.6 per cent of the total government securities outstanding at June 30, 1964.

A little further on he says:

The total income of the bank was $127,851,000, and the net income paid to the consolidated revenue fund was $116,386,000.

So we see that this is true. The proposal I want to put forward here is simply this. If the Bank of Canada can hold 15 per cent of the debt of Canada, why can it not hold all of the debt of Canada except that which is held directly by Canadian citizens themselves? If we did this, we would be eliminating at least $1 billion of this $1,100 million that we are paying in interest on the national debt at the present time. There is no reason at all why the Bank of Canada cannot be used for the benefit of the nation and for the benefit of the Canadian people. It is true that such a program would have to be brought about gradually, but here is the key to one of the most important reforms that must be brought in if we are going in any way to meet the challenge of distribution which is now our basic responsibility.

The function of the Bank of Canada is basic to an effective and sound economy. It can be the tool which can strengthen and stabilize our national economy. It can be the means of solving most of the economic and financial problems that we now face. It is imperative that the Bank of Canada be responsible for the maintenance of an equilibrium between the purchasing power in the hands of the population and the turnover of retail trade and services. The amount of money and credit in circulation must be maintained at a level required to assure a normal turnover and distribution, because our economy is growing and must increase year by year. Therefore, Mr. Speaker, I would say there is an urgent need for bringing in those necessary adjustments to the Bank Act that will permit this to be done.

I think one of the most urgent needs as far as the farmers of Canada are concerned is a two-price system for the agricultural production of the country, and other primary production. The Canadian agricultural industry cannot now, or in the future, compete with other subsidized agricultural programs such as they have in the United States. Neither can it, because of the high cost of production and operations, compete with agricultural production in countries like Australia, the Argentine or France, where the cost of operation is much less. The agricultural industry in Canada must be insulated from these outside pressures over which it has no control. The only way it can be done is by setting up a two-price system, even though the Minister of Trade and Commerce (Mr. Sharp) said the other day that he did not think it was the answer. This can be done by making effective use of the Bank of Canada. I would suggest, therefore, the setting up of an import-export branch of that bank in order that the export of our surplus primary products can be financed in such a way that we can maintain a two-price system. As long as there are hungry people in the world we must do our share in meeting their needs. That is why I say there is an imperative need for an upgrading of the whole price structure for the producer of primary goods.

Closely allied in such an arrangement is the necessity for a new basis of international settlements. The gold standard as it now operates on the international scene is just as inadequate and unable to function as was the gold standard on the national scene 30 years ago. I think this is one of the areas in which we must take the lead in convincing the rest of the world that it is only as we set up a new arrangement for international settlements that we are ever going to accom-

plish what we should in the realm of trade; because it is only through the trading of goods which we have for export that we will meet our international obligations.

I believe this is very important. In this regard we must develop the programs of ARDA. Farm improvement, housing renewal and building up the run-down areas of the country, the building of our schools, hospitals, harbours, our roads—all these things could be financed if we were to make use of our own assets and credit through the proper use of the Bank of Canada.

• (9:40 p.m.)

We have heard a great deal said about welfare today. It is essential that we take care of our welfare needs; but right now we have welfare running out of our ears. I think in this regard it is important that we take a long, hard look at welfare and our obligations in the realm of welfare to make sure we can properly meet the costs which are involved. It is easy to say yes, we can afford it; of course we can. As long as our hospitals train young people to give the services necessary in the health field, we can afford it. But how will it be achieved? What will be the machinery?

Therefore, Mr. Speaker, it is essential to set up areas of priority. I know as a parent that my responsibility to my children, I believe, is first of all in the field of education. Second, it is essential that we make sure our children are cared for in the eventuality of sickness. Third, we have the responsibility to provide pensions which will take care of those unable to work and for those of us who are past the age of opportunity of being able to earn our own living.

Mr. Deputy Speaker: Order. I have to interrupt the hon. member whose time has expired, unless he has unanimous consent to continue beyond his allotted time.

Some hon. Members: Agreed.

Mr. Thompson: Thank you very much, Mr. Speaker; I am grateful for this permission.

May I say that I think it was a good thing for the government to say it will consult with the provincial governments, because the responsibility of setting up any health plan first rests with them. They must determine the areas of priority as far as our welfare needs are concerned.

The Economic Council of Canada has much to say about this in its first report. I agree with the report when it says that we must fill in the gaps which remain at the present time before we project ourselves into new fields. Therefore, in this first responsibility we should carefully define in their proper order of priority the areas for which we will have responsibility. Then I feel that the next step should be to set out the complex problems, such as costs, deciding on priorities, and caring for those who are entirely omitted by the Canada pension plan. This must be worked out through continuing consultation with each other in order to find the correct answer.

We have heard much talk about an amendment to the constitution in order to repatriate it, and it must be repatriated. But we must remember that we in this confederation in Canada first came together as a group of provinces, and there is no body more qualified than the provincial governments to have the first say as to what the amending formula or any changes in the constitution must be. To deprive those provinces of any share in making this decision is to knock one's head against a stone wall, because such a suggestion will not be acceptable. Ten premiers and ten attorneys general, after spending a great many months and weeks in determining what would be the highest common denominator of agreement as far as making a formula for amending the constitution is concerned, could not all have been mistaken. While we in this house are representative of the national needs and realize the need for a strong national government, we must understand that unless we come to agreement with the provinces we can never repatriate the constitution, let alone bring in the changes which may be necessary, or write a new one.

Third in the order of priority I think there must be provision made for the integration of our private pension plans with the Canada pension plan. We must also provide for the portability of private plans which are now in existence. It is not a question of just working on the basis of one year or two years or five years; we must project all of this into the future and step by step move forward to attain those goals which we know are right. Otherwise we will continue to talk about those goals but will not be providing the means or the method of reaching them. It is like attempting to reach the top of a high wall with one jump; it cannot be done. Put a ladder against it and step by step you get there.

I believe that in the speech from the throne there is a great and tragic gap left in the government's program, represented by what was not said. In this world today a battle is raging for the hearts and minds of men.

While we give some material aid to other areas of the world, certainly it is not much in comparison to the wealth which we have. The Communist world today is giving the emerging areas of the world ideas and concepts and a program which they say will work for them, even though we in the free world know that it is a wrong one. Russia and China are spending millions, even billions, in their determined and relentless propaganda war designed to place the universe under their kind of tyranny. I have seen this at work, Mr. Speaker, in Africa. I have seen it in Asia and in Central America, and I have seen the emphasis which is placed on this struggle. I have in my hand here tonight one of their typical magazines which you can find printed in almost any language in any part of the world. It is beautifully done and available at a lower cost than our magazines are priced. You can buy them for seven cents here. The equivalent magazine published by a Canadian firm would cost us $1. In the emerging areas it is given away free. I mention this, Mr. Speaker, simply because they know what they want, and they have a program to get them where they think they want to go.

What is Canada doing today to give the men in the developing nations ideas with meaning which will work? What are we doing to give ourselves those same ideas? I greatly fear that Canada has done little in this regard. We are in danger of losing the world to communism by default, because of our lack of a positive approach. Too many of our businessmen who through the private enterprise way of life have been able to reach the position of power and affluence which they have today, are backing off and saying that socialism is inevitable. Just the other day a university student in this city came home and told her father that one of her professors had said in class that communism was inevitable, and that because it was we may as well begin preparing for it now. Have we no hope? Have we no faith in those things in which we believe and stand for? That is the question which we should be asking ourselves.

Likewise, what are we telling the world? Have we become so confused with those things which have gone wrong in our society, characterized by the cynicism of some segments of the press, the playing up of the seamy side of life in our entertainment both on T.V. and on the stage, to the point that we have lost faith in what we have? If the democratic way of life is to be preserved in Canada, we must not only hold fast to those truths which we cherish but step boldly out to make our voice heard around the world. This is our hour, if we use it. As the poet said, "There is a tide in the affairs of men which, taken at the flood, leads on to fortune." What happens if this is denied? "The voyage of their lives is bound in shallows and in misery." What use is there in believing in a great society and losing the world to communism? To me Canada must clarify her own convictions. During the months of this year it has been my privilege to travel almost from coast to coast across the country. As I speak to Canadians who are concerned and to Canadians who care I find that in their thinking there are some very fundamental convictions. I should just like to mention them very briefly in closing.

Underlying our freedom in Canada is a belief in the dignity of man as a creature made in the image of God with inalienable rights and responsibilities. If one does not believe this he can scarcely object to tyranny, or for that matter slavery. We believe in the rule of people by the democratic process. Power can never be wholly given to a man or to a party or to a civil servant, because history has taught us that men can and do misuse power, and has shown us how. We may quarrel among ourselves, we may become confused at times. There will be instances when even freedom may be found hard to manage, or would seem to fall short of complete efficiency. The alternative of giving absolute power to a state or to a party or to a person is infinitely worse. That is why I am convinced that in this House of Commons we are going to have to become accustomed for quite a long time yet to working with the minority situation which we have, making it an instrument and a tool for achieving greater things than if it were otherwise. I believe that the basic needs of all men must be met, and I think all Canadians agree with that. It is our duty and our responsibility to work toward this end. At the present time we have much social legislation. We must co-ordinate our policies, establish priorities and work out a sensible plan for meeting these responsibilities.

• (9:50 p.m.)

There are good and honest people in this country who, through no fault of their own, are struggling to pay rent, buy the bare necessities of food and clothing on $75 per month. There are people in these circumstances right here in Ottawa, not to mention all across Canada. We ought to be ashamed to have this situation exist in this land of

prosperity and plenty. Without simple honesty in our dealings in these matters society collapses. Without compassion the leftout person is forgotten. Without concern for the needs of others and respect for ourselves the whole nation's cohesiveness and unity are finished. Perhaps this is one of the greatest contributing factors to the lack of unity which now exists.

We want all nations to have great and good societies where food, clothing and shelter is the common lot of man and where tyranny is dead. Let us stand shoulder to shoulder and give ideas to the new nations which will not only match but far outweigh those promoted by the communists.

But first we have to be convinced of these things ourselves, and convinced of the importance and value of them. If we do that I am sure our work here will be more beneficial than it is now.

We must use every means at our disposal to get across to the people of Russia—yes, even to the people of China—the thought that we have no ill will toward them, but that we only wish to help them build a workable world, a world without fear of war, where hunger, poverty and tyranny have no part. Of course, we must also make it clear to those nations that we cannot countenance any attempt to subvert another nation, and we shall have to fight and resist any attempt to advance ideas which lead to slavery.

It is our very serious duty to make men the world over know that it is our desire to see that all men walk in dignity. If we fail to do this we fail Canada, we fail our children, we fail ourselves and we fail the world. Tyranny could triumph again in this world because you and I in this parliament of Canada do too little too late.

In closing, Mr. Speaker, I would again refer to this editorial from *Maclean's* magazine, the issue of April 3, where this is stated:

> This is a great time to be alive in Canada.

I agree with that statement. The article then states:

> We have prosperity; let's enjoy it. We have wealth; let's spread it around. We have two languages, two cultures, and strong traditions; let's preserve them. We have an old and honoured flag; let's continue to honour it. We also have a new flag and our children have begun to wave it; let's wave it too.
>
> We are having our crises but we can face and overcome them. We have our problems but we can handle them.

I think it is in that spirit that we should face into this session of parliament in order to accomplish what this country needs to have done.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, in view of the circumstances and considering the time I have left to give a thirty minute speech, could we have unanimous consent to call it ten o'clock?

[*Text*]

Mr. Deputy Speaker: Is it the wish of the house that I call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional standing order 39A deemed to have been moved.

CANADIAN NATIONAL RAILWAYS—TORONTO—LEASE OF UNUSED SPUR LINE FOR PARKING PURPOSES

Mr. Ralph Cowan (York-Humber): Mr. Speaker, this afternoon I addressed a question to the Minister of Transport (Mr. Pickersgill) regarding a problem in the riding of York-Humber. There are many who refer to three levels of government as though the second and third levels were much further away from the voter than the municipal level. I prefer to call it three spheres of government, as the taxpayer has voting rights in all three divisions.

In this case regarding York-Humber there is a problem in the area northwest of St. Clair avenue and Runnymede road where the homes were built before the first war at a time when individual driveways were not thought of and mutual driveways were an unheard of thing in the future. It comes about that today, in 1965, we have scores upon scores of homes in this district that have no garage entrances or garages, nor is there any room in the subdivision for rear lanes. However, running to the north of the Gaffney subdivision, as it is called, is a right-of-way belonging to the Canadian National Railways which used to serve industrial sites such as the Canada Cement yards and the sand and gravel pit of Connie Smythe, of whom many of you may have heard, in respect of other fields of endeavour.

Within the past year the industrial activities along this spur line on Jane street have ceased to exist, as the property has been converted into apartment house sites. I ask the Minister of Transport whether it would

not be possible for the Canadian National Railways to lease this unused spur line property, which extends west of the Canada Packers plant to the Jane street area, so that the people in the Gaffney subdivision could use the abandoned spur line property for parking purposes. It is approximately a 66-foot right of way and no train has run over it in the past five years. Grass is growing between the ties and between the rails. The people living right beside the tracks are being ticketed every night by the metropolitan Toronto police force for leaving their cars on a public highway.

A slight move on the part of the Canadian National Railways in offering to lease about three quarters of a mile of the right of way to the parking authority of the township of York would indicate to the federal taxpayers in my riding that the Canadian National Railways and the federal government are not miles removed from them, but understand the situation with which they are faced. I would earnestly ask the Minister of Transport to urge the Canadian National Railways to consider leasing this abandoned spur line west of the Canada Packers plant to the parking authority of the township of York.

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, the minister has asked me to say that he is sure the Canadian National Railways would be pleased to receive a direct approach in this regard from the parking authority of the township of York.

ADMINISTRATION OF JUSTICE—MINISTERS SUBPOENAED TO APPEAR IN QUEBEC SUPERIOR COURT ACTION

Mr. Erik Nielsen (Yukon): Mr. Speaker, I do not see either the President of the Privy Council (Mr. McIlraith) or the Minister of Transport (Mr. Pickersgill) in the house tonight, and in view of the fact that the matter I wish to raise involves the two ministers, personally, I do not intend to discuss it this evening. I only regret that the two ministers have seen fit to absent themselves from the house at a time when I wish—

An hon. Member: Order.

Mr. Nielsen: Mr. Speaker, I heard an hon. member say "order", from the opposite side of the house. There is nothing disorderly about my remarks. I have expressed regret that the two ministers concerned have not seen fit to be in the house tonight to answer the questions I put to them today, which they dodged so evasively. That is not an unusual attitude on the part of ministers in respect of questions asked by hon. members on this side of the house.

The questions I asked concern, not proceedings which are before the court but subpoenas, which are more than mere allegations, as the Chair suggested this afternoon, and which have been served on the three ministers concerned.

Mr. Deputy Speaker: Order, please. I am sorry to interrupt the hon. member, but I gathered from what he said a moment ago that he did not propose to take up his seven minutes. I am wondering now whether, under these circumstances, it would not be better if the hon. member were given the opportunity to pose his questions again or to have the matters listed again for an adjournment proceeding. I hold no brief at this time for the ministers, but obviously we adjourned earlier than usual and perhaps that is an explanation for their absence. Perhaps I am out of order in advancing an explanation in respect of why they are not here, but my suggestion to the hon. member is that we simply adjourn the matter, in view of the fact they are not here to reply, unless there is someone here who is prepared to reply.

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): On the point of order raised by Your Honour, I may say this matter was put down as a subject to be considered on the motion for adjournment this evening, and I should think, that having been done, the hon. member should proceed in the normal way.

Mr. Nielsen: I accept your suggestion, Mr. Speaker. I received a note from the President of the Privy Council this afternoon informing me that he was not going to be in the house after nine o'clock. I fully intend to raise the matter again, which I understand is within the rules, tomorrow on the orders of the day. Since the two ministers concerned are not here to answer now, I do not intend to proceed.

Mr. Stewart: The government is prepared to proceed.

Mr. Deputy Speaker: There is nothing to prevent the hon. member from raising the matter again another day, if that is what he wishes to do.

Motion agreed to and the house adjourned at 10 p.m.

HOUSE OF COMMONS

Wednesday, April 7, 1965

The house met at 2.30 p.m.

PRIVILEGE

MR. BALCER—ANNOUNCEMENT OF CHANGE IN PARTY AFFILIATION

[*Translation*]

Hon. Léon Balcer (Three Rivers): Mr. Speaker, I rise on a question of privilege.

I wish to inform the house of my decision to leave the ranks of the Conservative party.

The reasons I am taking that decision are well known to the members of this house and there would be no point in my repeating them here.

Mr. Speaker, I intend to sit as an Independent and I would respectfully ask you to assign me another seat.

[*Text*]

Mr. Speaker: The hon. Member informed me of his decision this morning, and at his request I assigned to him a new seat.

BICULTURALISM AND BILINGUALISM

SURVEY OF MEMBERS OF PARLIAMENT BY ROYAL COMMISSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Is the Prime Minister now in a position to give an answer to the questions which were raised by the hon. Member for Marquette and the hon. Member for Mackenzie in connection with the investigation being carried on by the Royal Commission on Bilculturalism and Bilingualism and the interrogation of Members of Parliament with regard to matters which by no stretch of the imagination come within the ambit of the authority given to the B and B commission?

• (2:40 p.m.)

Right Hon. L. B. Pearson (Prime Minister): I have asked for a report on this matter, Mr. Speaker, which I have not yet received. But I will do my best to see that it is received in time to give a reply to my right hon. friend tomorrow.

INDUSTRY

BENEFITS OF CANADA-U.S. AUTOMOBILE AGREEMENT TO CANADIAN CONSUMERS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I had a question for the Minister of Industry, but in his absence I wonder if I might direct it to the Prime Minister. Press reports indicate that Canadian-made Ford cars are now being sold in the United States at the same price as American cars. I wanted to ask the Prime Minister how soon we may expect that Canadian consumers will get the advantage of the U.S.-Canada automobile agreement, or is this consumer benefit to be confined entirely to American consumers?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Minister of Industry has already answered the latter part of the question and I have nothing to add to what he has previously said. In so far as the first part of the question is concerned, I will look into that report at once.

HOUSE OF COMMONS

IMPROVEMENT OF QUALITY OF FRENCH IN FEDERAL STATUTES

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I wish to ask the Prime Minister if he could advise us when he intends to set up the special commission to undertake a complete investigation of methods for improving the quality of French used in federal government statutes, as shown by correspondence between him and the Premier of Quebec which was tabled in the Quebec Legislature.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the matter is under consideration, and I will endeavour to get the results of that consideration before the house as soon as possible.

CONSIDERATION OF PROPOSED CHANGES IN PROCEDURE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question

to the Prime Minister. Could the Prime Minister tell us what course the Government intends to pursue with regard to its proposed changes in the procedures of this House? Will its proposals be brought directly to the House for action, and will the Special Committee on Procedure and Organization be re-established so the Government's proposals can be referred to that committee?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, that matter is under consideration. It was discussed this morning, and as soon as I can possibly do so I will make a report to the House on the procedures which I suggest should be followed in this important matter.

Mr. Knowles: A supplementary question, Mr. Speaker. I wonder whether the Prime Minister would consider consulting with representatives of other parties before a decision is made, in view of the fact that this is a House of Commons matter with which we are all concerned.

Mr. Pearson: Yes, Mr. Speaker, I think that is a good idea, and we should discuss it with representatives of all the parties.

COMPANY OF YOUNG CANADIANS

INQUIRY AS TO ASSOCIATION WITH EXISTING ORGANIZATIONS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Prime Minister. In relation to the government's announced intention of setting up some kind of peace corps for young Canadians, could the Prime Minister tell the house what he envisages as the future role of the Canadian University Students Overseas, CUSO?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the details of this matter have not yet been worked out, but I can say it is the hope of the government to include in the Company of Young Canadians those who are already working in this field overseas. It may be desirable to do this without interfering with the organizations under which they are now working to bring them into association with the other organization and give those university organizations—I can think of one —the support I think they should have.

Mr. Aiken: A supplementary question, Mr. Speaker. Would this mean that CUSO might be integrated, then, with this new corps?

[Mr. Knowles.]

Mr. Pearson: We would want to discuss that with those who have been responsible for CUSO and have done such fine work in building it up.

AGRICULTURE

QUEBEC—ASSISTANCE TO FARMERS

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I have a question for the Minister of Agriculture.

Does he intend to answer soon the request from the Quebec minister of agriculture for assistance to farmers in the Abitibi-Témiscamingue-Lake St. John area whose crops were ruined by bad weather last year?

[*Text*]

Hon. Harry W. Hays (Minister of Agriculture): Yes, Mr. Speaker.

TRADE

INQUIRY AS TO EXTENSION OF FREE TRADE POLICY

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I would like to address my question to the Minister of Trade and Commerce. It arises from a statement he made while addressing the Canadian Importers Association in Toronto last evening. He said, very briefly:

> Canada, with its limited population, can evidently not support the entire range of diversified products demanded by its consumers. Nor can it afford the cost of entering into research in design and technological improvement for all product lines.

Is the government intending, with this assumption, to extend the free trade policy that is set out in the Canada-U.S. auto treaty to other industries such as clothing, textiles, appliances and aircraft?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, the negotiations for further reductions in Canadian tariffs will be made in the multilateral negotiations now proceeding in Geneva under the Kennedy round. I am not in a position, of course, to reveal any negotiations which have taken place, which is the position taken by all participating countries.

Mr. Hales: A supplementary question. Would the Minister like to say whether arrangements have been made with the furniture manufacturers along this same line?

Mr. Sharp: I am sorry, Mr. Speaker, but I do not understand the purport of the question. Perhaps it could be put in a different way.

Mr. Hales: Has the Minister been in conversation with the Canadian furniture manufacturers with respect to a free trade policy similar to that concerning the car dealers?

Mr. Sharp: Not to my knowledge. The furniture industry were invited to make their representations before the opening of the negotiations under the Kennedy round. I gather they did, and I saw some of their representations.

HATE LITERATURE

CONSIDERATION BY COMMITTEE ON EXTERNAL AFFAIRS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in the absence of the Secretary of State for External Affairs I should like to direct a question to the Prime Minister. In view of the fact that the standing committee of this House on external affairs in the last session did a considerable amount of work and received a lot of important evidence on the subject of hate literature, and two private members' bills on the subject were referred to that committee, will steps be taken to refer these matters to the Standing Committee on External Affairs in this session as soon as possible?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to consider that matter, Mr. Speaker.

THE CANADIAN ECONOMY

REQUEST FOR STATEMENT ON MEETING OF ATLANTIC DEVELOPMENT BOARD

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport. Has the Minister any information on the important Atlantic Development Board meeting being held in Halifax at the present time?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I do not think I have anything I can communicate to the House. I have not yet had any official report.

Mr. Bell: A supplementary question. Appreciating that it would not be desirable to report on everything the Atlantic Development Board decide, would the Minister give a report to the House on those matters which have a particular federal interest which may be decided upon? I think the Minister knows what I am particularly referring to.

Mr. Pickersgill: Mr. Speaker, I am always glad at any appropriate time to give a report on the wonderful work being done by the Atlantic Development Board.

Mr. Mandziuk: Set up by the Conservatives.

Mr. Pickersgill: And financed by this government.

HEALTH AND WELFARE

BRIEF OF ASSOCIATION OF OPTOMETRISTS RESPECTING COMMISSION REPORT

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I have a question for the Minister of National Health and Welfare. In her absence perhaps I could direct it to her seatmate the Solicitor General. Could the Minister inform the House whether she has received a brief from the Canadian Association of Optometrists, based on the views of the Hall Commission report, which they interpret as an attack upon the optometrists association? Has the Minister any remarks to give to the house on this matter?

Hon. J. Watson MacNaught (Solicitor General): Mr. Speaker, I shall be glad to take the hon. Member's question as notice and refer it to the attention of the Minister; and I am sure she will make a full report, as she always does.

• (2:50 p.m.)

NATIONAL DEFENCE

BILINGUAL REQUIREMENT WITH RESPECT TO PROMOTIONS

On the orders of the day:

Mr. William Skoreyko (Edmonton East): Mr. Speaker, recently I addressed a question to the President of the Privy Council asking whether he was aware of the fact that certain junior officers in the armed forces had been notified that they could not expect further promotions unless they were completely bilingual. In view of the fact that the Minister of National Defence is now in the house perhaps I should ask him whether he is aware of the circularization of such a policy, either by letter or verbally, amongst the armed forces?

Hon. Paul Hellyer (Minister of National Defence): No, Mr. Speaker, I have neither heard nor seen such a circular, and I am sure this is a lot of nonsense.

Mr. Skoreyko: Mr. Speaker, I have a supplementary question. I would ask the Minister of National Defence to make a thorough check in his department, and perhaps more preferably an inquiry of his second in command, Mr. Lee, to find out whether such a circularization did in fact take place.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I put a supplementary question to the Minister of National Defence?

Would it not be quite normal for this circular stating that promotions would be given to bilingual rather than unilingual Candians to have been sent to the armed forces?

[*Text*]

Mr. Hellyer: Mr. Speaker, there is an increasing emphasis being placed in the armed forces on the ability to speak two languages. It is well known that in our service colleges we are encouraging young people to acquire greater familiarity with both languages. We also point out to potential recruits the advantages of joining the armed forces in that they will have an opportunity to become more familiar with the two languages. We have also pointed out to all young people that it would be a wonderful idea for them to learn the two languages, particularly if they want to be generals ten or 15 years from now. I am sure we have not circulated any such announcement, as suggested by the hon. Member. If we have I am not aware of it.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I put a supplementary question?

[*Text*]

Mr. Nielsen: I have a supplementary question.

Mr. Speaker: Order, please. It seems to me that the Chair should recognize the hon. member for Edmonton East who asked the original question on this subject.

Mr. Skoreyko: Mr. Speaker, I should like to ask the Minister of National Defence whether his expression regarding two languages necessarily refers to English and French, or does it apply to other languages as well?

Mr. Hellyer: Mr. Speaker, as my friend is aware, the two official languages are English and French. We have a number of people in the armed forces who are trained in other languages for special reasons and positions, such as those individuals who are appointed as military attachés, or to special duties. If some of our young officers have ability in more than two languages—and indeed some of them have learned three or four or five—they have an added advantage which makes them that much more useful in carrying out certain duties.

Mr. Ricard: Identify the one you said is nonsense.

Mr. Erik Nielsen (Yukon): I have a supplementary question I should like to address to the Minister of National Defence. I am sure he did not wish to mislead the house, but is he not aware that—

An hon. Member: Sit down.

Mr. Speaker: Order, please.

Mr. Caron: You ought to know about misleading.

Mr. Nielsen: Mr. Speaker, the hon. member for Hull interjected that I should know what it is to mislead the house.

Some hon. Members: Hear, hear.

Mr. Ricard: That is why they set up the Dorion Commission, to find out about misleading on the part of the government.

Mr. Speaker: Order, please.

Mr. Nielsen: Mr. Speaker, I do not take exception to that kind of statement, except to suggest that it is the common type of statement made on that side of the house. If the hon. member has any specific incident in mind let him make a charge.

Some hon. Members: Hear, hear.

Mr. Caron: The report that was made to the Dorion Commission was quite different to the report made here in the house by the—

Mr. Speaker: Order, please.

Mr. Starr: Does the Minister show you his reports?

Mr. Speaker: Order. The word "misleading" seems to be having a depressing effect this afternoon. May we get on with the regular business?

Mr. Nielsen: Mr. Speaker, the supplementary question I wish to ask is for the purpose of giving the Minister an opportunity to make a full explanation. Is he not aware that several months ago I put a question to the now Minister of Public Works, who at that time was Associate Minister of National Defence, with regard to whether an order had been issued from either the office of the Minister of National Defence or the Associate

Minister of National Defence to the Canadian army that with respect to staff officers and up, bilingualism was to be a promotional factor in that force?

Mr. Hellyer: That is a horse of an entirely different colour, Mr. Speaker, if I may say so. Bilingualism is a promotional factor. The more skilful people are and the more talent they have, the more useful they are to the armed forces and the more likely they are to be promoted. Certainly bilingualism is one of those factors which are taken into consideration.

Mr. Nielsen: One last supplementary question, Mr. Speaker. I wanted to give the Minister that opportunity to explain. At the time I raised the issue several months ago with the Associate Minister—

Some hon. Members: Order.

Mr. Speaker: Order, please. If the hon. member has a question would he please ask it. We are getting into a debate and not asking questions.

Mr. Nielsen: Mr. Speaker, I was going to say that at the time I raised the original question with the Associate Minister—

Some hon. Members: Order.

Mr. Nielsen: —I asked—

Mr. Speaker: Order, please. The hon. memmer, being a distinguished lawyer, knows as well as I do how to frame his questions without placing argument before the question.

Mr. Nielsen: I was merely laying the groundwork, Mr. Speaker. I want to ask the Minister of National Defence or his colleague, the Associate Minister, a question which was not answered at the time the Minister of Public Works held the office of Associate Minister. Has the same order now been extended to cover the two other armed forces, the Royal Canadian Navy and the Royal Canadian Air Force, on the level of staff officers and above?

Mr. Hellyer: I would have to check the reference to an order. I do not think there is any such thing as an order. I think it has been circulated that amongst promotional factors bilingualism is one, which it should be, and certainly so far as I am concerned this factor would apply to all three of the armed forces. It is an important factor, but whether this has been put on a piece of paper I could not say and I do not think it is really germane.

Mr. Georges Valade (St. Mary): Mr. Speaker, my question is directed to the Minister of National Defence. Since the Minister has said that bilingualism is a factor in promotion I will put my question to him in French.

[*Translation*]

Could the Minister of National Defence tell us whether the word "nonsense" he used with regard to bilingualism in the armed forces actually reflects the opinion of the present Liberal government? Does he mean that it is nonsensical to be bilingual in the armed forces?

[*Text*]

Mr. Hellyer: Mr. Speaker, the word "nonsense" was carefully applied to the rumour which was being circulated and which was picked up by my friend opposite.

Some hon. Members: Oh, oh.

Mr. Valade: Mr. Speaker, I think the nonsense was supplied by the Minister of National Defence.

Mr. Speaker: Order, please. While I enjoy these interesting exchanges, nevertheless it is my duty to point out that questions should be questions and not arguments.

[*Translation*]

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

Could he tell us whether—

[*Text*]

Mr. Skoreyko: Mr. Speaker, I rise on a question of privilege.

Mr. Speaker: Order. Is it the same question?

Mr. Skoreyko: It is a question of privilege. The Minister of National Defence has charged me with circulating a rumour in the House of Commons.

Some hon. Members: Hear, hear.

An hon. Member: There go the trained seals.

Mr. Skoreyko: Eventually and at the proper time I am prepared to provide and will provide the evidence necessary to convince the Minister of National Defence that what I am saying is fact. I simply ask is he aware of a recent promotion in Central Mortgage and Housing Corporation, namely of the general manager of that corporation in Ottawa; and what are his qualifications? Would he answer that?

Inquiries of the Ministry

• (3:00 p.m.)

Mr. Hellyer: Mr. Speaker, I regret that particular organization does not come within my sphere of jurisdiction, but I am sure the gentleman in question was eminently qualified.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to direct a supplementary question to the Minister of National Defence.

Could he tell us whether the department has any language laboratories where the two official languages are being taught to officers and men in the armed forces of Canada?

[*Text*]

Mr. Hellyer: Mr. Speaker, there are language laboratories available for members of the armed forces who wish to take advantage of the language training that is provided.

[*Translation*]

Mr. Grégoire: Mr. Speaker, can the minister tell us whether there are many who take advantage of the language laboratories available to the Canadian army officers and men?

[*Text*]

Mr. Hellyer: An increasing number of forward looking people, Mr. Speaker.

An hon. Member: How about you, Paul?

Mr. Hellyer: Including the Minister.

[*Translation*]

Mr. Jean Chrétien (St. Maurice-Laflèche): Mr. Speaker, I should like to direct a question to the Minister of National Defence.

As he is going to speak in Shawinigan tomorrow, could the minister tell us whether he intends to speak in French?

Mr. Hellyer: Mr. Speaker, the answer is yes.

[*Text*]

CANADIAN BROADCASTING CORPORATION

REQUEST FOR EARLY CONSIDERATION OF ESTIMATES

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Prime Minister. In view of the fact that the Canadian Broadcasting Corporation is requesting estimates in the neighbourhood of $100 million, and in view of the fact that there is no indication that one dollar of this will be spent on the extension of very necessary services, will the Prime Minister assure the house that these estimates will be brought before Parliament at the very earliest date so this ridiculous situation can be dealt with by Parliament?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we shall be glad to bring them before Parliament as soon as possible so that my hon. friend and others will be able to discuss this matter.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Tuesday, April 6, consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Diefenbaker, and the amendment to the amendment of Mr. Douglas.

• (3:10 p.m.)

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, when we listened to the speech from the throne, or rather when we heard the news which preceded the reading of that speech in the other place, at the opening of this third session, we were told that this speech would be very long and thick. Then we found out that its volume was not very thick, but that it was quite thick respecting the proposed measures.

The members in this corner of the house had believed that during the last two sessions the government had taken cognizance of the needs of the people of Canada. We also believed that, after the contracts, discussions and arguments we had with other members of parliament, chiefly Liberal members, the speech from the throne would mention, for instance, that family allowances would be adjusted according to the cost of living index. Such a measure would have benefited everyone. As we all know, family allowances have remained practically unchanged since 1945; only in 1946 did the government raise them by one dollar and even at that only a limited number of recipients benefited from the boost.

We would also have thought that the government had taken into account the numerous requests and claims of older Canadians who complain about the inadequacy of their pension.

Naturally we expected the government to introduce legislation for the payment of a

$100 a month pension at age 60 because the Prime Minister and his cabinet know perfectly well that it is impossible to live anywhere in Canada on a pension of $75 a month. Yet that is the hardship we impose upon our older citizens.

The same situation prevails in the field of income tax. Two or three months ago, if not six months ago we were told that the government was prepared to follow the example set by the United States, namely to grant a reduction in income tax. We in the Ralliement Creditiste, had been asking for a total exemption for married people, whose income is less than $5,000 a year, and for a $2,500 exemption for single people.

At this stage I would say that we, as members, benefit from an income tax free allowance of $6,000 a year in addition to the $2,000 exemption granted to the Canadian people as a whole, which means that every married member of parliament benefits from an $8,000 a year exemption. And we find this situation logical in our case. We believe that workers, farmers, contractors and businessmen should have the benefit of the same privileges or, at least, of an income tax reduction.

Another act which should have been amended is the Unemployment Insurance Act. I notice that the Minister of Labour (Mr. MacEachen) just left the house. The Unemployment Insurance Act should be amended to enable our unemployed to be treated better than they are at the present time.

Indeed, when we meet government officials in their offices, they tell us that the drafting of the act is bad, that it does not allow anyone to assist the unemployed. Penalties are inflicted all across Canada. An employee is penalized when he quits his job because he is ill-treated by his employer. He is told: You will get nothing for the next six weeks.

Mr. Speaker, let us try to treat the Canadian people as they deserve. As members of parliament, we want to be treated like human beings. Well, as members of parliament and legislators, let us see to it that our legislation is such that people will be treated as human beings and that the individual will be respected in Canada.

Mr. Speaker, may I offer my sincere congratulations to the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the speech from the throne—and for the ease—and it was really ease—with which they carried out a very thankless job.

What strikes me particularly in the speech of the hon. member for St. Maurice-Laflèche is the statement he made when he said:

> Since Mackenzie King and under the Liberal party, Canada has turned more and more toward collectivism.

This is the nice statement that our children will perhaps read in Canadian history when it deals with people who did not know too much what to say because they were members of parliament.

Mr. Speaker, when one remembers the social teachings of the Roman Catholic church, one knows that collectivism as advocated by the hon. member for St. Maurice-Laflèche is as worthy of condemnation as the individualism he seems to despise.

Pope Pius XII in his immortal encyclical Quadragesimo Anno stated:

> There is, therefore, a double danger to be avoided. On the one hand, if the social and public aspect of ownership be denied or minimized, the logical consequence is individualism, as it is called; on the other hand, the rejection or diminution of its private and individual character necessarily leads to some form of collectivism.

When the hon. member for St. Maurice-Laflèche takes pride in belonging to a party leading Canada toward collectivism, I am only too happy to state in the House of Commons that I am proud not to belong to that party and glad to belong to the Ralliement Creditiste whose policies aim precisely at freeing the individual from the socialist and collectivist policies applied by the Liberals who intend to enlarge upon the scope of such policies so that Canadians will be servants and slaves of a strong and all-powerful state.

Mr. Speaker, now that the hon. member for St. Maurice-Laflèche has admitted to being a collectivist, let us record for posterity, for our children as well as those of the hon. member for St. Maurice-Laflèche, what has been recognized by the Liberal government in the speech from the throne prepared by the Liberal government and presented Monday by His Excellency the Governor General of Canada.

Mr. Speaker, perhaps for the first time since the beginning of confederation 98 years ago, a government in power makes disturbing admissions which it would find shocking if they were made by political opponents, if we were making them ourselves as we already have; then, Liberals would say that this is demagogy and nonsense on the part of Creditistes and of the Ralliement Creditiste.

Listen to this enumeration which I would describe as unpleasant and which presents Canada as a land of desolation, distress and

extreme poverty: alarming international situation—it is written in the speech from the throne—crisis in Viet Nam, financial difficulties in the United Nations, poverty, illness, ignorance and lack of training of many Canadian citizens, poverty among the people, inadequate incomes—

What have we said over and over again in the House of Commons during the last three years? Inadequate incomes in Canada. The needy people are given a public assistance plan. Blighted and congested areas in our cities and what not.

Mr. Speaker, this is a gloomy speech, a speech in which the party in office recognizes the distress of Canadians, their poverty and the bad housing conditions.

Yet it is not the Creditistes who have been in office for the last 98 years, but the Liberals or the Conservatives. And when two political parties have made such a mess of things they are no longer worthy of the people's confidence and the latter should get rid of them as quickly as possible. I hope they do.

It is all very well for the Leader of the official Opposition (Mr. Diefenbaker), to introduce a non-confidence motion against the government, but he deserved the same thing himself when he was in office.

Mr. Speaker, we shall try for a few minutes to follow the Minister of Justice (Mr. Favreau), who, Monday, before the television cameras, divided into three categories the measures proposed by the government in the speech from the throne.

To begin with, the measures meant to boost our national pride.

Second, economic measures.

Third, social measures.

Among the measures intended to satisfy and stimulate our national pride, the speech from the throne mentioned a bill which would make "O Canada" the national anthem of Canada and an address to the Queen to authorize Canada to amend its own constitution.

Mr. Speaker, the members of the Ralliement Creditiste will entirely agree that "O Canada" should be adopted as the national anthem of this country. In the programs we submitted to the electors of this country we asserted that the Creditistes intended to give Canada a distinctive flag and to officially recognize "O Canada" as our national anthem.

All we ask of the Liberal government is not to make the same error as last year when it asked us to vote in favour of a double motion proposing the adoption of a maple leaf flag and of the union jack.

• (3:20 p.m.)

If the government wishes to avoid another long and bitter debate, it should separate the two proposals concerning the national anthems so that supporters of a single national anthem may be able to vote in the affirmative, a thing they would not be able to do if they are asked to recognize, at the same time, another Canadian official anthem. As far as we, the members of the Créditiste party, are concerned, we will vote for a single Canadian official anthem just as we have voted for a single Canadian official flag.

The other measure meant to arouse our pride, according to the government, concerns the repatriation of our constitution, including what has been called the Fulton-Favreau formula.

Mr. Speaker, until the members of our group put forward the comprehensive views of the Creditiste party, may I give some indications as to what our stand will be on the repatriation of our constitution.

First of all, we feel it is utterly wrong to talk about repatriating the constitution. It would be possible to bring back to Canada something which had once belonged to Canada, something which had once resided in Canada.

Well, the British North America Act never belonging to the people of Canada, never belonged to Canada, and moreover never was approved by the people of Canada.

The British North America Act was born in Great Britain, passed by the government at Westminster, given to us by a foreign government over which we have no control. The British North America Act is a foreign statute created by foreigners and which belongs to foreigners. There is therefore no need to repatriate it.

I think that to accept freely a constitution which was never ours, which is not suitable for Canada and Canadians, which is not proper for the provincial states that we call the provinces of Canada would be to perpetrate a colonial mentality that is being forced upon us.

Let us leave that dusty document in the Westminster colonial office and if we are free people, if we are a free country, if we have on autonomous and free government, let us give Canada a truly Canadian constitution wrought by Canadians.

Mr. Speaker, what we need is not the repatriation of the present constitution. And

neither do we need, to use the euphemism contained in the speech from the throne in the following terms:

...to provide that the constitution of Canada may be amended in Canada by the procedures which have been agreed between my government and the government of all the provinces.

What we want and what is needed by Canada and the provincial states is a new constitution on the basis—please note that—of the acknowledgment of an equal partnership *de facto* and *de jure;* of two nations having the right to shape their own destiny, to take the decisions concerning them.

But on the other hand, we want no special status. Such an expression implies a concept of dependence of submission. As was explained the other day on television by the president of the Montreal St. Jean Baptiste society, the concept of a special status for Quebec implies that we want to be treated differently from the others or that the others will be treated differently from us. That is not what we want.

For instance, we want what the premier of British Columbia often repeats: equal treatment for all, special treatment for nobody, or no injustice for anyone. What we want is be treated like the others, receiving no more and no less.

We do not want a treatment better or worse than the treatment given to others; we do not want others to be placed on a level inferior or superior to ours; we want a real equality status, equality of rights for all Canadians, equality of rights for all Canadian provinces, equality of rights for everyone living in Canada.

We do not want to take anything away from others, as we have so often said, but we do not want others to take away our wealth, our rights. French Canada, Quebec is a real entity; it is the French-Canadian nation. In order to be true to itself, to develop freely according to its needs and aspirations, Quebec must have certain attributes which are the prerogatives of a free nation which wants to develop freely.

The first of these attributes which Quebec needs and that we members of the Ralliement Creditiste claim, is the control of our credit.

It is the control of our credit in the province of Quebec, and, for that matter, we suggest the other provinces do the same thing for themselves.

Would anything be taken away from Canada if the province of Quebec had the control of its credit in order to be able to proceed to the development of its own natural resources, to the development of what we have in Quebec?

But the Minister of Finance (Mr. Gordon) told us the other day that he would never grant credit control to a province, precisely because this matter comes exclusively under the federal government.

Mr. Speaker, if we had a constitution organized and arranged to grant the provinces their rights on credit control, we would not have complaints on the part of the province of Quebec or of the other provinces, because we could look after making financially possible at home what is materially possible, desirable and morally good.

A nation cannot be free when it has to go abroad and ask for the right to live, for the financial means to develop its natural resources. A nation cannot be free when it has to kowtow to the London, Paris or New York financiers in order to get the credits necessary to its development and survival.

The credit of a nation rests on the ability and the will of its people to produce and deliver goods in sufficient quantities and at the time and place chosen by the prospective consumers. In short, real credit is the resources of a country, of a province expressed in possible goods and services.

One realizes therefore that real credit involves two factors: the production capacity and the needs to be met. Therefore, if real credit rests on producers and consumers, it rests, as it were, on the whole community, on the whole society. The real credit of a country is therefore something in common, something social, it is social credit. That is why we are Social Creditiste.

If real credit is social, financial credit, for its part, should reflect social credit. Financial credit should be created as abundantly and as rapidly as is required by the production of those goods and services wanted by the community, in order to meet all the needs of its members.

If we have natural resources and manufactures, if we have workers to produce goods, brains to manage production, then money and finance should not impede that satisfaction of the needs of all the members of the community.

There are needs; if the material wealth and the capacity of production exist, there should also be enough money—no more but no less—to satisfy those needs.

We ask that the province of Quebec be given the power to control its own credit so it can ensure its economic and social development. We want Quebec to enjoy all its

rights, so it can develop according to the needs and aspirations of the French Canadian people of Quebec, as we wish the other provinces to develop according to their needs and aspirations. That is what we call a status of equality.

Respecting a new constitution, the Créditistes also request for the province of Quebec: control over its foreign trade; control over its immigration and finally control over its tax sources.

I do not wish to discuss those claims in detail, but, Mr. Speaker, I find it strange that this government did not suggest, in the speech from the throne, any measure to hand back to the provinces those taxation fields which belong to them. Not 25 or 30 per cent, but a complete handing over of their taxation fields, of those rights which are theirs.

During the period which preceded the second world war, it seemed that the sharing of the fiscal basis among the various governments was more equitable, particularly when the provinces and the municipalities indulged in a policy of laissez-faire.

From 1926 to 1939, Ottawa got 46.2 per cent of all tax revenues; the provinces 17.9 per cent, and the municipalities 35.9 per cent.

During the war, at the request of Ottawa, as stated by Right Hon. Mackenzie King and the hon. member for St. Maurice-Laflèche (Mr. Chrétien), the provinces and the municipalities gave up or leased their taxation fields to the federal government.

But with the war and greater activity by the other levels of government in various sectors of the economy, the revenues of all governments registered an increase in the use of the gross national product. For instance, between 1926 and 1939, that is a period of 13 years, total revenue of all three levels of government accounted for 14 to 22 per cent of the gross national product.

This proportion exceeded 28 per cent during the war and reached 30 per cent of the G.N.P. in 1962.

The federal government kept for itself practically all that increased income. While its income was equal to almost 7 per cent of the G.N.P. before the war, it had reached 17 per cent in these last few years. Before the war the percentage of the G.N.P. available to the provinces and the municipalities was equal to that of the federal government; but since 1947 it is less than 5 per cent. The increase in direct and indirect taxes favoured almost solely the federal government to the detriment of the provinces and the municipalities.

[Mr. Caouette.]

This is how during the 1957-62 period the federal government took over 62.7 per cent of all the taxation revenue while the provinces received 20.8 per cent and the municipalities only 16.5 per cent.

Mr. Jean Lesage was, therefore, justified in stating at the 1963 federal-provincial conference that the fiscal arrangements which brought about this situation were supposed to be only temporary and were to be revised.

> In 1963, there is no longer any state of war and the economic problems are different from those facing Canada after 1950. Since then, the needs of the provinces have gained prior claim over those of the federal government.

And what had been the requests of Quebec? Here are the very words of Mr. Lesage:

> We are asking once again as minimum taxing powers: 25 per cent of personal income tax; 25 per cent of corporate income tax, and 100 per cent of the estate duty taxes, since estates come under provincial jurisdiction. Consequently, it is logical that taxes on donations *inter vivos* should devolve on the provinces, since such donations are of the same nature as estates.

Mr. Lesage asked for little compared to what we are entitled to. If he had acted in the true interests of his province, it is not 25 per cent of what belongs to Quebec that Mr. Lesage would have claimed, but indeed 100 per cent; that is what was claimed by the Creditistes.

Actually, Mr. Lesage claimed $150 million; he got $40 million, with the promise that he would get more in the years ahead.

As François-Albert Angers wrote in *L'Action Nationale*:

> Mr. Lesage has come back empty-handed from the federal-provincial conference held in Ottawa.

And why did Mr. Lesage come back empty-handed? Simply because he recognized the priority of centralization mechanisms, as Mr. Angers says.

Mr. Lesage, in negotiating with Ottawa, always offers two alternatives. He asks Ottawa to give him more money for his own purposes or to grant him additional powers. Ottawa's reaction is immediate. It gives in on monetary questions but keeps the rest, powers included. Meanwhile, Mr. Lesage places himself in an illogical position right from the start. On the one hand, he asks for more money under the equalization formula and, on the other, he takes away from the federal government the sources of revenue necessary for the equalization payments.

Mr. Lesage had asked that Quebec be allowed to withdraw from certain joint programs and that it receive a fiscal equivalent instead.

In fact, Ottawa granted his request and in January 1965, Quebec was able to opt out of 29 of the 46 joint programs in which it participated. As a compensation, it got an amount of $220 million which included a percentage of the personal income tax, the equalization payments and cash adjustments.

On February 27, 1965 before the Montreal Junior Chamber of Commerce, the Minister of Justice (Mr. Favreau) had this to say on the subject:

> To avoid this type of "trusteeship federalism" our government in Ottawa has suggested that the provinces opt out of the joint programs and take over themselves their administration. Quebec, we know, intends to opt out of about 75 per cent of those programs (in terms of dollars)—but without lowering the national standards set by the programs—this constructive and flexible system has been called "co-operative federalism".

What should be our reaction?

What is most ridiculous in this whole situation is the fact that the federal government which called trusteeship federalism this joint program scheme is now prepared to set up some more.

For instance, the speech from the throne mentions such measures as a cost sharing area development program; a cost sharing plan to assist the re-employment of workers; a cost sharing plan for fuller rural development or "rural displacement"; a joint plan under which people can be assisted on the basis of their need; a joint plan for urban renewal; a joint plan for public assistance; a joint plan for health services; a joint plan for improvement of the dairy industry.

The speech from the throne is stuffed with these joint plans which mean a trusteeship over the provinces by Ottawa, the control of provincial expenditures by civil servants from Ottawa and the end of provincial autonomy.

We of the Ralliement Creditiste disagree with this policy of joint plans because they mean a double bureaucracy, one in the provinces and one in Ottawa. The people are fed up with paying for bureaucrats in Canada. What the people need today, is the right to live in peace in their own country, Canada.

• (3:30 p.m.)

[*Text*]

The Acting Speaker (Mr. Cameron, High Park): Order. I have to advise the hon. Member for Villeneuve (Mr. Caouette) that his time has expired.

Some hon. Members: Carry on.

The Acting Speaker (Mr. Cameron, High Park): Do hon. Members give unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Caouette: Thank you, Mr. Speaker. I am grateful to the house for these few supplementary minutes I need to conclude my speech.

Mr. Speaker, the speech from the throne is crammed with these joint programs. We are opposed to the policy of joint programs for many reasons. I have just given one; here is another.

It is always Ottawa who takes the initiative of legislating in various matters, especially with regard to winter works affecting the municipalities. This is a direct encroachment upon the constitution. Ottawa controls every action taken by the Quebec government within an exclusively provincial jurisdiction. The Prime Minister and the Minister of Labour are well aware of that.

Ottawa still levies direct taxes in the province of Quebec, contrary to subsection 2 of section 92 of the constitution. It is the same with regard to the other provinces.

This opting out formula does not give the province of Quebec a greater fiscal freedom and increases in no way its taxing powers.

According to the policy of the Ralliement Creditiste, the province should opt out of all these joint plans and regain its full freedom in the field of taxation. Ottawa should give up these joint plans and let our province look after its own management. Ottawa should withdraw and respect the autonomy of the provinces.

Because of those one-sided deals and also of the greater needs of Quebec, the province, which has to look after a whole nation, a whole culture—its priority needs in the field of education, development of its natural resources, compensations to give its labour force which cannot find employment—is now forced to levy greater taxes than the other provinces.

In conclusion, let me quote the statement delivered by the premier of British Columbia, Mr. W. A. C. Bennett, on November 25, 1963, at the federal-provincial conference in Ottawa:

> The Fathers of Confederation wished to create provincial governments that would be independent in the fields concerning their respective responsibilities and able to co-operate effectively to the national growth. To this end, the efforts on the part of the provinces, in time of peace, since 1867, have constantly been directed to the maintenance of their effective taxation powers without double taxation for otherwise, the powers of the provinces to govern independently would no longer exist.

When British Columbia entered confederation in 1871, it accepted the terms and conditions laid down in the British North America Act. Under this act, the provinces had to assume certain responsibilities. A number of those responsibilities, especially those pertaining to education and to the development of natural resources, became more and more important.

However, the constitution has not merely imposed responsibilities upon provincial legislatures, but it has also specified their taxation rights in order to enable them to meet these costs. One of those rights which was supposed to be an exclusive power was direct taxation within the province.

The agreement accepted by the provinces when they joined confederation and gave up their indirect taxation powers representing four fifths of their income in return for a per capita income or fixed subsidies soon compelled them to use their exclusive powers of direct taxation within the province under section 92 of the B.N.A. Act. The exclusive use of income tax by the provinces was respected during the 50 years preceding the first world war.

Federal intrusion in this field, in 1917, was explained as a temporary measure to face an emergency. The recognition of the provinces' right to impose direct taxes was confirmed by Sir Thomas White, who was then federal minister of finance, when he said:

Income taxes come under provincial jurisdiction and are a form of taxation suited to provincial needs. I have not set any deadline for withdrawing from this field of taxation, but I suggest, and I should like this suggestion to be recorded in *Hansard*, that, at the end of the war, this tax measure be immediately reconsidered.

The emergency created by the second world war compelled the provinces to abandon their powers of taxation and Ottawa entered the field of estate taxes.

However, it has been understood that the provinces would recover their rights in peacetime.

In conclusion, the province of Quebec wants to recover its taxation powers and one of the main tasks, if not the foremost one, of a Creditiste government, will be to request that Ottawa withdraw from the taxation fields that are not within its jurisdiction, such as direct taxation on personal and corporate income, and estate duties.

These are the policies we will follow during this session, Mr. Speaker. These policies are highly different from those introduced in the speech from the throne. Those are the main remarks we want to make with regard to these measures that the government intends to pass during this session.

The fight will begin next week. We are open to agreement. We are ready to accept mutual understanding, yes, but we shall not agree, for instance, to diminish any province for the benefit of Ottawa. And if at that time we are threatened, as was done in certain quarters, with a general election so that the voters may express their views, I say that we are ready to go to the people and ask a public expression of opinion about what is going on in Ottawa at present.

[Mr. Caouette.]

• (3:40 p.m.)

[*Text*]

Mrs. Margaret Rideout (Westmorland): Mr. Speaker, it is traditional to congratulate the mover and seconder of the Address in Reply to the Speech from the Throne, but in addition to that I take great personal pleasure in complimenting both the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) on the exceptional high quality of speeches which they made.

I am sure that every Member who rises for the first time in this honourable assembly is moved, as I am moved, by a sense of the occasion. It is perhaps a comment on the real strength of our traditions and on the deeper character and meaning of the Commons that such an emotion should exist.

The occasion has a triple meaning to me. I am not only speaking here for the first time, but rising proudly as the first woman ever to have entered this chamber from the very old Province of New Brunswick, and I am sitting in that place so recently vacated by my husband. I hope that it may not be out of place to say that while I hope my efforts will honour the memory of the former Member for Westmorland and carry on his work, it is my intention to serve and represent my constituents in my own way and to the fullest degree of my competence.

May I through you, Mr. Speaker, thank all my fellow Members for the warm and thoughtful tributes paid last summer to my husband. May I also, Sir, thank you and my colleagues on both sides of the house for your warm welcome to me as a new Member.

In our part of the country where we take politics very seriously a Member is kept in close personal contact with all the issues which disturb constituents. I am learning this very quickly during my visits home. I sometimes wish that those who manage the affairs of the country at a higher level could always see these realities as intimately as private Members do.

The hon. Member for Renfrew South (Mr. Greene), whose constituency has many of the problems of my own area, has had the experience of being with me on some political excursions in my riding. He would agree, I am sure, that some of the high-flown abstractions occasionally heard in Ottawa generate little enthusiasm among some in my area who have real difficulty in achieving even a measure of the affluent life.

My introduction to the Commons came at an exciting time in our Parliamentary life. There must be few who have experienced the harsh baptism of political fire so soon after arrival. It was at the same time an historic moment when this country took a decisive step forward in the future of the nation; a time when a strong democratic majority adopted a flag to fly proudly before the world.

The constituency which I am honoured to represent is a very old part of Canada, but one which has a very new outlook on the new Canada which is developing. It is clear from the Westmorland by-election results that a very substantial majority of its constituents believe the Government which I support is competent and equipped to handle their affairs. The fact that the Liberal majority was doubled from the general election surely indicates that the leadership of the Prime Minister (Mr. Pearson) is thoroughly approved.

It is not my intention, Mr. Speaker, to devote too much time refuting some negative remarks of the Leader of the New Democratic Party, or to comment to any great degree on the subamendment that he has placed before the house. It is logical though, I suppose, that the hon. Gentleman seized upon medicare as the basis for his subamendment, because it is obvious that in the field of social welfare this Government—the Liberal Government—has once again lived up to its reputation as the party that is concerned about the well-being of the people of this nation; the party that introduced and transferred into legislation every significant piece of social welfare legislation at the disposal of the Canadian people.

The Prime Minister made it abundantly clear that this Government does intend to introduce a public medicare program at the earliest possible moment. What is also obvious, Mr. Speaker, is that we have no intention of running roughshod over the Provinces, as was suggested should be done by the Hon. Leader of the N.D.P. in his speech last evening. Indeed, to suggest, as he suggested, that the Government act in this field without first consulting the Provinces, is to deny the undeniable rights the Provinces have in the area of social welfare. To further suggest that certain Provinces are setting up phony medicare programs, without specifically mentioning which Provinces and without substantiating this charge, is a reflection on them at a time when we need to maintain the full confidence and co-operation of the ten great Provinces that make up this nation.

• (3:50 p.m.)

The record of the Liberal Party in the past in the field of social welfare and our willingness as indicated in the Throne Speech to continue our efforts for the increasing security and welfare of our people are proof of the sincerity of our intention to introduce a comprehensive, public medicare program at the first opportunity after full and free consultation with the Provinces.

The constituency of Westmorland, which I have the honour to represent, is one of the few places in our country where the two founding races have lived together from the beginning. We know the value of mutual understanding and harmony. The Acadian French were in the eastern border area of the riding before 1700 and Yorkshire English families settled there as early as 1720. Descendants of both have spread, and remain throughout the constituency, and their numbers are almost equal today.

The whole Province of New Brunswick is an example of the way Canadians can maintain the best traditions of both founding groups while welcoming others of different origins. We have proven that the two distinct original groups can become a single people while keeping their individual cultures, their languages, religious beliefs and political ideals.

We are old historically in my constituency, but one would not know it from the spirit which has marked the province in the last three or four years. Once we in the Maritimes were known as nagging complainers, and there was some justification both for the complaints and the reputation we had. We have still far to go to reach the employment and economic standards of some other areas, but we have found a way to start catching up. Henceforth, by our own efforts ye shall know us. These efforts will include a continued drive to have our special problems recognized, but we shall not sit idly by in frustrated hope.

The present Canadian Government has taken steps long ignored by previous Governments which go a great distance in permitting us to help ourselves. These measures, chief among them the lifegiving financial blood infused into the Atlantic Development Board, recognize that if we have the chance at all we can make our own way and compete with anyone in any place. More has to be done, of course, and I shall come to this again; but I want to emphasize that we are in a generation which got tired wating for things to come to us; we went out after them, and we are getting them, slowly.

In this House, Mr. Speaker, you may allow me to say it was no coincidence that much of the new attitude in New Brunswick has developed since Louis Robichaud became Premier in 1960. Nor is it a coincidence that our bettering position has raced ahead since the present Prime Minister of Canada became national leader in 1963 and made Federal-Provincial co-operation a vital new fact. His recognition of a change in our country's social and economic structure calling for full co-operation between the Provinces and the Federal Government made possible the new era now upon us in the Atlantic area.

In our Province we had the resources but we were not making the best use of them. Without the ground support of a co-operating national Government and an understanding of our needs and intentions, we could not develop what we had. Furthermore, changing world conditions have given us openings which require action from a higher jurisdiction to exploit fully. We were sick of handouts and headache pills to get us from one economic hangover to another. This Government has given us the first tools to let us help ourselves, tools to build the foundation. With a little more material we can finish the job and build thereafter for ourselves.

The transportation and distribution centre for the Maritimes, the city of Moncton, makes up about half of the constituency of Westmorland. Here we have felt both the beneficial and disruptive impact of modern change. Some are hurt by transitional changes; others benefit. On the over-all scale we are growing at a rate which would not have been imagined 10 years ago. New kinds of industry and business are interested in our area, modern industries such as chemicals; but we must increase the attraction. Iron ore and steel prospects on the Province's Northeast coast will affect my constituency very strongly. It will take a little time for all this to show but it gives us a great new hope.

In our region we have discovered that whereas once geography was our enemy, it is now a friend. With our resources we can produce for a world market at our doors because of our access to the sea. Again, this cannot be fully achieved without the harbour facilities for deep water ports which exist in Westmorland. These things are within Federal jurisdiction. Some of our facilities of all kinds are old and in need of restoration. Others we have never had, but require urgently. Some are now being provided or discussions about their provision are going ahead.

[Mrs. Rideout.]

One natural resource we have developed very much on our own is lobster fishing, packing and shipping. Shediac, in my constituency, is the lobster capital of the world and is in the midst of the most beautiful coastal resort country anywhere. It is attracting more and more tourists to help the Canadian balance of payments.

If I mention lobsters it is not only to invite all of you to come and share this gourmet delight, but to mention that my constituents have found new methods of shipping lobsters which put them on the tables of Europe daily as well as those of California and intervening areas. I say this to show that where we have a traditional resource or commodity which we can develop with self-promoted efforts, we can do so and will do so.

While some of the farming areas of Westmorland are advanced and prosperous, others are in urgent need of the kind of study and assistance which the Agricultural Rehabilitation and Development Administration is pursuing. I want to compliment the Minister for his aggressive efforts in ARDA and assure him that in no place more than New Brunswick will the Government's measures be of greater help or be more genuinely needed. If a war on poverty is to be fought, there is no better place to start the war than in our hard struck rural areas where people have just not had the chance of those in other places.

Small farmers make up a substantial part of our population in New Brunswick and this applies notably in my constituency. In the past farm policies have largely passed them by, while helping the bigger operators. They need feed grain assistance and cheap fertilizers. They also need a major change in the matter of animal subsidies. Benefits for quality rather than quantity might best serve the small farmer.

In this respect I might also mention rail freight rates because changes in the transportation structure must be made with a view to protecting our special Atlantic area needs. The Premier of Nova Scotia said recently that "railways here are relatively more important still than in the central part of the country". Not only do I concur in this but I must add that the changes which are to be made must get back to the original purpose of the Maritime Freight Rates Act. The City of Moncton, which is such an important part of my constituency, is of course closely concerned with railway matters. Mr. Grayston, the Vice President for the C.N.R.'s Atlantic region, has reported that 1964 was a record year for traffic

in that area. Freight traffic was up 13 per cent over the previous year and passenger traffic was up by 10 per cent.

One of the most important developments has been the movement of ore from the mines and concentrator in the Bathurst area. This is but the beginning of massive developments in that part of New Brunswick which will continue to help the whole coast and will be of major importance to our railway centre and to our shipping ports.

• (4:00 p.m.)

I am pleased to compliment the C.N.R. management on its conclusion of an arrangement in Moncton by which a valuable and large commercial complex is to enhance the core of the city. This includes a major shopping centre, and the development of railway property which has been an eyesore to the city. Indeed, the C.N.R.'s downtown development program as a whole has restored to Moncton some of the character it had in earlier days of railroading, when the city owed its life to transportation.

Fortunately our economy is now much more varied, but distribution and retail trade remain our chief local industry.

We are of course much in need of productive industries and more employment opportunities. A chemicals complex is being developed by a Provincial agency within the constituency, at Dorchester Cape, and this is the kind of thing where the Atlantic Developmen Board can help. This is a superb location for Maritime Province distribution by water and land, and it is superbly situated for deep water shipping to Europe, the United States, South America and the newly emerging countries. Already major private chemical industries have completed agreements to establish on the site and construction is well advanced.

Atlantic Development Board assistance has made possible the start of the greatest power development yet undertaken in the Atlantic area. The actual power site is distant from Westmorland, but will serve the east coast area where our greatest resource industries are developing.

Mr. Speaker, I was honoured to be appointed to the House Pension Committee, especially because pensions are highly important to my constituency. We have a substantial proportion of aged, and there are special needs of those in middle age who require the protection of a sound national contributory pension plan.

While we have a large number of Federal and railway employees covered by pension plans, we have a much larger number of people, especially in rural areas, who have little or no coverage of any kind. Unlike the heavily industrialized parts of the country where private plans are more general, we must depend on a national system. As well as helping individuals, the Canada Pension Plan will improve the economy of our region, give a lift to consumer spending and help distribute the wealth of the country. I want to mention also the new Labour Code which will govern standards of wages, hours and holidays for employees within Federal jurisdiction. There are many in Westmorland who will benefit directly from this legislation and others who will do so indirectly as standards rise.

In particular, the emphasis in the code on the importance of technical training means much to our people. The Provincial Government has taken advantage, to a proportionate degree not exceeded anywhere in Canada, of the Federal assistance given for technical education. Five major technical schools are now operating, where one existed three years ago, and trade training schools are also established in appropriate areas. This kind of thing will, in the long run, be of greater value to us in New Brunswick than most projects which have been developed or discussed.

We have always been concerned about education, and the loan policy for university students reaches my part of Canada with special impact. Our young people have in the past been at a serious disadvantage, which is now being partially overcome.

I am proud to say that my constituency has within its boundaries two universities, that of Mount Allison at Sackville, which continues to produce outstanding graduates and to expand its services. Requests for admittance from Central Canada are higher than can be accommodated. The other institution of higher education is the new University of Moncton, which is the first integrated French language university in the province with requisite university facilities. This university is already having its effect on our city which will grow as it develops. Major new construction is under way and more is planned.

Mr. Speaker, I have already indicated that the constituency of Westmorland is a miniature of this country, with similar divisions of national origins, language and religions, and with a mixture of urban and rural population. It has such varied indus-

tries as fisheries, farming, lumbering, transportation, manufacturing, and now chemicals.

We have foundaries in Sackville, where stoves and furnaces have been made for more than a century, and which are now competing effectively with the most modern anywhere. I was interested to learn last Fall that they are even making components for United States aircraft companies. We also build boats in Westmorland and we have a major tourist trade which is growing constantly.

We have also a Federal penitentiary, and I am pleased to have noted the Minister's announcement last Fall of new facilities at Dorchester for maximum security prisoners. It will give employment during construction which will be helpful to the immediate area.

While I am in a thanking mood, I want to express also our appreciation for assistance which has been announced for a new crossing of our famous Petitcodiac River at Moncton. This river has a world phenomenon in its tidal bore—and I trust its only bore—which hon. Members would find fascinating on a visit.

Moncton has grown extensively in recent years and its over-the-river suburbs have created serious traffic problems. The river crossing is a direct route to the magnificent Fundy National Park, a major tourist centre. These and other considerations make an additional river crossing a vital economic necessity, so that I hope no delay will result in implementing the scheme.

Mr. Speaker, in recent months there has been an interesting discussion proceeding in the Atlantic Provinces about the subject of Maritime union. The Premier of New Brunswick raised the prospect in an appropriate place and at an appropriate time, upon the centenary of the Charlottetown Confederation meetings.

Discussions will start soon, which may one day lead to the union of the Atlantic Provinces. This is a far-sighted and imaginative scheme which may not be so distant as some believe. It may be more difficult than if it had been done a hundred years ago, when first attempted, but the economy of our day will in the end make it more logical and more feasible.

Already, we have achieved a good deal of co-operation in various ways; some of it economic co-operation and some of it social. This is almost certain to increase, and the very fact the central Government is treating the Atlantic Provinces as a unit through the Atlantic Development Board is an indication of the direction being taken.

Until all the factors concerned are studied deeply and widely, I would not want to take a firm position. I think that is the attitude of the Governments of New Brunswick and Nova Scotia, which are now approaching the study.

It may well be that the first step toward complete union would be an economic union of the four Provinces. On the other hand, the first step may prove to be the union of the two largest Provinces, which will lead to a more complete union later.

I would be remiss as the representative of Westmorland if I did not at once claim my home City of Moncton as the capital of the future united Provinces. It is the geographic centre, the transportation and distribution centre, and will soon be the economic centre. Since, Mr. Speaker, there are almost certain to be other claimants, and perhaps some little debate over such a delicate decision, I rest my case at this point with the entry of Moncton as the logical candidate.

As I said in the beginning, we are an old part of Canada which is very much a part of the new Canada this Government is doing so much to build. A lot of this new spirit may be attributed to the Leader of this Government. No man understands this country better; none better knows its place in the world and what it can do in the world. We in this country are in what might well be called a reconstruction area.

There have been strains in our national fabric, but this is no new thing for Canada. As a federated country, we have never been without them, but strains do not need to result in tearing if the fabric is strong. Our basic fabric is strong, because our people are strong, because we have learned the value of weaving quality materials into the fabric—mixed materials which are the stronger for being different.

If ever there was danger of Canada flying apart—a condition to which I would not subscribe—that danger has been minimized by the Right Hon. Prime Minister. No man in our time is better fitted than he is for the diplomatic job of holding this country together and making it a great country. No man has had the courage to move as he has done to act on the convictions which he believes will cement our nationhood. As against those whose ambition is only to divide us—and to divide is to destroy—he has been a force for unity and hope. I am proud to be his follower and supporter. With him, and

with his Government, the constituents who have sent me here may know that their future will be better than their past.

• (4:10 p.m.)

Some hon. Members: Hear, hear.

Mr. Jack A. Irvine (London): I should like to add my congratulations to those which have already been extended to the Mover (Mr. Cashin) and the Seconder (Mr. Chrétien) of the Address in Reply to the Speech from the Throne. I congratulate them not only on the manner in which they expressed themselves but on their sincerity of purpose. I would be remiss if I did not congratulate, too, the hon. Member for Westmorland (Mrs. Rideout) on her maiden speech. I thought it was an outstanding contribution. I think I echo the sentiments of everyone in this House when I say we all admired and respected her late husband and the great contribution he made to this Parliament.

I understand it is usual for a Speech from the Throne to be couched in vague generalities. It seems to me the particular example we have before us is no exception to the rule. It would be more sensible and a lot easier, I think, if we were to talk not so much about what it contains as about the things which are left out. I realize that these speeches are prepared by the Cabinet. I know, also, that these individuals, who should be among the "Blue Bloods" of our Canadian society, would not stoop so low as to be partisan. However, I am concerned about some of the things which are contained in the Speech and I am wondering whether it does not contain a considerable proportion of election or pre-election propaganda.

I have listed the main points of the Speech, some 31 in all. Out of these 31 major points I failed to find any which had not been mentioned previously, either in the Speech of a year ago or in the Speech of two years ago, with the exception of nine. So I am bound to say that this is a nine-point Speech from the Throne, not a Speech containing 31 points as one might be led to believe by lists published in different places.

About two years ago at this time of year during the Federal election campaign a great deal was said across this country regarding a scheme to offer 10,000 scholarships. I am particularly interested in this undertaking because we have in my riding in the City of London one of the finest universities in the Dominion of Canada. All those connected with the University of Western Ontario are interested in this program. We are wondering what happened to this program. Why was it swept under the rug? Has there been another retreat on the part of hon. Members on the other side of the House? Is this another of the many election promises which have been broken? Was the Student Loan Fund considered sufficient to look after this need. As I say, we are all very interested in knowing exactly what happened to these 10,000 scholarships.

One thing which interested me a good deal in the Speech from the Throne was the paragraph on the formation of a Company of Young Canadians—I am quoting the actual words used. I do not know where this idea came from but I have begun to wonder whether it was not shoved in at the last moment. We know that the Prime Minister (Mr. Pearson) was visiting with the President of the United States over the past week end. Was this the source of the Right Hon. Gentleman's inspiration, or was it merely an afterthought? It may be that the idea is a good one but I believe that Canadians, as befitting the people of a nation which has grown in stature, should surely come up with their own ideas or at least with their own phraseology.

I know we are all proud of the friendship we have with the great nation immediately South of us. We are proud that for 150 years we have lived together in peace and harmony. The border between us, an almost invisible border not guarded by guns or forts, has not separated our two peoples. Rather, we have been drawn close together almost as one great race on the North American continent. This is a record which I know is regarded with envy by many of the free nations throughout the world today and possibly by a number of nations which are not so free.

With regard to the youth movement to which the Speech from the Throne refers, we cannot help but look back 25 or 30 years and think of the great youth movement which Hitler established in Germany as a means of brainwashing children and bringing them up in accordance with the way of life which the people in power at that time wanted them to follow. There was a similar movement in Italy. Let us hope that this will be something on an entirely different plane and in an entirely different league.

I should like to direct the attention of the House to an article which appeared in the London *Free Press,* one of the largest newspapers in the Province of Ontario. This newspaper has a very large circulation and employs some 700 people. The article to which I refer appeared in that paper on March 13,

1965, a contribution from its Canadian Press service. It reads as follows:

> If Canada's "romance" with United States capital continues, the result could be a "shotgun political marriage," Beland H. Honderich, editor-in-chief of the Toronto *Star*, said yesterday in an address to U.S. and Canadian members of the International Press Institute here.
>
> Mr. Honderich said that while Canadians like U.S. people, they are also worried about them.
>
> "American cultural, economic and political influences so pervade our way of life that we have begun to wonder if our relatively small nation can retain its independence in face of strong pressures generated by our giant neighbour to the south."

I bring this to the attention of Hon. Members because it is of great concern to me and I am sure it must be of concern to every red-blooded Canadian. The report shows that through investment in Canada, Americans control 60 per cent of our petroleum industry, 52 per cent of our mining and smelting, 35 per cent of our pulp and paper, and 45 per cent of our manufacturing. This is a condition that should be of great concern to every Canadian. This is a very serious state of affairs.

• (4:20 p.m.)

Following this up, Mr. Speaker, I did not notice anything in the Throne Speech with regard to any future plans in trade and commerce. I am sure everybody here must be concerned about the imbalance of trade that we have with the United States, which runs into approximately $500 million a year; an unfavourable imbalance, I might say. Then we must take a look at some of the other countries, like Japan, Russia and China, where we have a very favourable trade balance. But some day, perhaps in the not too distant future, these nations are going to want from us a greater share of our import business. We have to now prepare something to correct these little differences and big differences that we have in the imbalance of trade. I think this puts us in a very bad light, unless we are prepared to do something about it now.

Recently we had tabled and delivered to each Member of this House the 1965 spending estimates. Sir, I am going to tell you that I was amazed to think there was such a great amount of money involved. The general amount is $7,400 million; but then we must add to this loans and investments and advances, which amount to another $202 million. We must add to that old age security payments of another $905 million. Then we must add to that the supplementary estimates that will be coming up during the fiscal year, and the total spending we will have during this fiscal year will be something in the neighbourhood of maybe a little more than $9 billion.

I am just wondering how long a small population of something less than 20 million people can stand this kind of spending. This represents $450 for every man, woman and child throughout this country of ours. Let us look back for a moment, Sir, to 1950 and the expenditures we had at that time. In 1950 our expenditures were $2,300 million, less than a quarter of what they are now; in 1955 they were $4,700 million; in 1960, $6,600 million; in 1963, $7,400 million. Sure we are growing; but are we growing that fast? Then in this year, 1965, the figure is approximately $9 billion.

Then, sir, if we look back to the national debt as of March 31, 1964, we find that it was something in excess of $15 billion. Let us just for a moment review the amount of interest on this debt, because we are in the position that we are ballooning our debts; we are paying interest on interest on interest. In 1950 the interest was $427 million; in 1963 it was $867 million, almost twice as much; in 1964 it was over $1 billion; and this year it is $1,101 million. Sir, I would say that this should be considered, not as a debt to be passed on to future generations but as a great, oppressive charge hanging over the heads of our taxpayers at the present time.

The business that we operate in this House is the biggest business in Canada, and as a businessman I ask this: How could any business, large or small, continue to operate and flourish with this type of management? We are now in an era of great prosperity. I am not going to say to anybody here that this prosperity started under the previous Administration, because the Minister of Trade and Commerce (Mr. Sharp) has made that quite clear. He said here—I cannot give the exact date—in about September or October of last year that the upswing started in 1960. So I will leave it with him. However, sir, I would say that on the basis of the great debt that we have, we should be setting aside so much every year to pay this off during these periods of prosperity, in order that we might come to the aid of the needy in times when perhaps things are not quite as good as they are today. There is no reason for us to have a feeling of confidence in the present Government's handling of our national accounts.

Mr. Speaker, in going over the Speech from the Throne, there is nothing in there to indicate that anything is going to be done about basic exemptions for income tax. I

believe this was mentioned yesterday by one hon. Member. I think this is a very important matter because it is of great interest to those people who do not have quite as much as people who have a higher income. I am wondering if there is going to be a change announced in this regard perhaps a little later. Will this be held out and dangled in front of the electorate as a political plum? But this is a most ridiculous tax structure, when you stop to figure that a single girl or a single man pays tax on every cent he or she makes in addition to $21 per week; when you consider that a man may have to look after a family, as a married man, and pay tax on everything that he makes over $41 per week. Surely these people are entitled to an absolute minimum of $60 per week, in order that in this land of plenty they may live with a certain amount of dignity.

I would say, Sir, that these figures are old fashioned; they are antiquated, and were arrived at or accepted at a time when the value of the dollar was a great deal more than it is today. I think this is one of the lowest exemption foundations in the entire world. It is, I say again, unjust; it is unrealistic, and I would like to know when something is going to be done about it. I would also like to suggest that this exemption be raised for single people to $2,000 and for married people to $3,000. This would give them an opportunity to get a little bit ahead, that they might own their own homes and be good, respectable citizens of their respective communities.

I received a letter recently form the City Council of the City of London; the original was sent to the Prime Minister (Mr. Pearson) and a copy was sent to me as the Member for that city. For the benefit of those who are not acquainted with it, I would like to inform the House that the City of London is the finest city in the world, and certainly has the finest people in the world—or else I would not be here.

I am going to quote, if I may, just the main, meaty part of this resolution, which goes like this:

> Therefore be it resolved that the Federal Government be petitioned to amend the Income Tax Act to allow all municipal property taxes levied against owner-occupied residential property to be claimed as a deductible expense when filing income tax returns.

That is signed by the City Clerk of the City of London and was moved, seconded and accepted by the City Council. This, to me, Sir, seems to be a very sensible approach. Some years ago even Joseph Stalin said in one of his addresses that individual home ownership and individual enterprise makes it very difficult for Communism to make much headway or to gain much of a foothold on the North American continent.

• (4:30 p.m.)

This brings me back to an old pet subject of mine: What are we doing to assist the small businessman? I see nothing at all in the Throne Speech which will be of very great assistance to him. Certainly I hope there will be something in the Budget. The small operator gets smaller; the big operator gets bigger. As I said a moment ago, these people actually are, or should be, the backbone of our very democratic society.

Then, of course, these people are loaded down with all kinds of administrative duties, and many of them do not have sufficient help to look after these little details. They are things which cost them money and for which they get no compensation at all. First of all they have to make the deduction for unemployment insurance. They have to make the deduction for income tax. In some instances they have to make the deduction for the 11 per cent sales tax. Now starting in January 1966 the deduction will have to be made for the Canada Pension Plan payment. In many cases these firms are small with perhaps only 10, 15 or 20 employees; but out of their own treasury they have to hire an extra man to look after these details. If they are late in filing some of these returns they are fined. If they underpay through an honest error, they are fined for that. If they overpay, then eventually they are repaid, but with no interest. That is one of the strange things about these payments; it seems to me to be a one-way street.

I mentioned, Mr. Speaker, the deductions they will have to make under the Canada Pension Plan. I should like to make it clear, in the first instance, that I am very much in favour of a Canada Pension Plan, and let us say that the one we have set up is a good step in the right direction. But we must think of those not covered by the plan. Let us for a moment take the word "contributor" and analyse it. A contribution, to my way of thinking, is something you give voluntarily. This is not a contribution; this is something you must give, and therefore it becomes a tax. Then farther on in the Bill we find the words "in order that all people might live in dignity". Now, Mr. Speaker, not all people can do that because not all people are covered by the plan. How can a man making $3,000 a year live in dignity when,

after paying into the plan until his retirement, all he qualifies for is a pension of $62 or $63? How can a family live in dignity on $62 or $63 per month? I sincerely hope there will be many amendments to this plan, and there must be if it is going to be the kind of comprehensive plan which the people of Canada envisaged, and which some of them still envisage. However, they are gradually becoming acquainted with what are the actual benefits.

I also mentioned deductions which had to be made in regard to the 11 per cent sales tax. I am not going to say too much about this because I spoke on this subject when the Bill was before the House, but I do think that it was a very unfair tax. I think it directly affects a very sensitive part of our general economy, and I hope and trust that this tax will not have a derogatory effect on our future business.

In 1962, Mr. Speaker, at the time when the then Government in power saw fit, in the interests of Canadianism, to devalue the Canadian dollar, there was a great hue and cry all across this country, asking why do such a thing, and imputing that making our dollar into a 92½ cent piece was a terrible thing to do. I fail to find, Mr. Speaker, any indication in the Throne Speech that there is going to be any change in this regard, and I am just wondering what has happened. If the then Opposition thought that that action was so bad and that we were committing such a crime then I say that today by not changing the situation they are simply compounding the felony. But there is no mention of that matter, Sir.

I should also like to mention one other very important item in connection with the Civil Service Commission. I have here a letter from a man—I will be very pleased to give his name and address if so desired—dated 19th September, 1964, which says in part:

> Many Civil Service employment competitions provide, through the Civil Service Act, a statutory preference for veterans. This I am led to believe applies only to those veterans who qualify under Overseas Service. In many cases during a national emergency, volunteers, through no fault of their own, possibly because of specialized skills and by orders of higher authority, were never posted outside of the country; this of course disqualifies them from the previously mentioned Veterans Preference. At the close of World War II these veterans, whose contribution to the war effort was as vital as many of those who served outside of the country, received less recognition through reduced gratuities. Is it fair that this discriminatory policy continue in employment opportunities?

I would say, Sir, that this Commission seems to be in need of a good general overhaul.

[Mr. Irvine.]

There is nothing in the Speech that indicates that the Government are even going to take a good hard look a it.

One other matter concerning which I saw nothing in the main estimates or in the Throne Speech is the plight of the retarded child. I went through the estimates pretty thoroughly and I found under the Department of National Health and Welfare that the Canadian Association for Retarded Children are going to receive a grant of $25,000. I contend, Sir, that this is grossly inadequate. It is just a mere drop in the bucket. Many of these children, with proper training and a little bit of spending on our part, could be brought up to be very useful citizens in our society. I would hope that that Department might take another good look at this question and perhaps do something in the future to help this very important work. Perhaps through the suggested Canada Assistance Plan the Government may take a look at this problem, and I hope they will come up with something which will be very worth while.

I have received, Mr. Speaker, a very heartbreaking letter, the sort of letter that Members of Parliament regularly receive, and I think it raises a very important matter, important to every person who is a Canadian. This gentleman writes to me under date March 10 as follows:

> I took my family to the U.S. Consulate, Windsor, January 26, 1965, to obtain our visas. My wife and daughter were examined together, Barry my son was examined separately from myself. He was asked by the medical officer what age he left school and was told 17 years. The doctor then asked what grade, and my son told him grade 5. The doctor asked Barry what 6 x 8 were and he answered 48. He also asked how many days there were in a year.

And the young lad told him 365. Then there was a delay for a while and the writer of this letter had to go and see the U.S. Consul. He continues:

> I was advised to get a letter from Mr. Mason at the Workshop. I also got a letter from our doctor. Mr. Speare from the Board of Education phoned the doctor at the U.S. Consulate and also wrote a letter. Mr. Speare has interviewed Barry and knows his capabilities.

Then further on in the letter, Sir, he says that he and his family were allowed entry into the United States but that his son, because of this incapacity of his, was not allowed entry into the United States. He was allowed to enter, Sir, but without a visa and he must come back every six months for one day.

• (4:40 p.m.)

I think this is something that we should work out with the United States authorities, perhaps on a reciprocal basis, so these young children, in many cases, can be with their families and enjoy the love to which they are entitled.

In closing I should also like to say that I am very serious about this subject. I am not going to say anything about certain bad odours which might pervade certain sections of this House. These are things that any good Canadian does not want pushed too much. We are all elected here as Members of Parliament and each of us has taken an oath, and each of us has certain responsibilities which we owe to this country and, in particular, to our ridings. However, everyone knows that an obligation is only as good as the man who assumes it, and unless he be honest and sincere, and unless he really places a high value on his word of honour, an obligation means absolutely nothing.

Since the inception of representative Government, it has been the idealistic ambition and general intention of individuals to elect to office men and women of honour who are believed to have a high sense of moral value. But conscience is like intelligence: It is very unequally developed among men and among women. This is an unfortunate thing, because perhaps their true sides can only be known to a few of their most intimate acquaintances.

One of the purposes of democracy, and a duty with which each Member of this House should be charged, is to guard against this naturally easy way out—apathy toward vital matters of national importance. For the first time in the history of man the conflict between pure intelligence and moral values has become a matter of life and death. As citizens of this great country of ours we are faced with the problem that life, liberty and the pursuit of happiness are ours for only as long as we protect them against the dangerous onslaught of a formidable enemy, and I think you all know to what I refer. This is an enemy who is without a conscience, who knows no morals and is fantastically obsessed with the purpose of destroying all men and all nations who do not subscribe to the forces of evil. This is our big challenge now facing us as Members of this House. Let us first be Canadians; and second, let us be politicians. Let us get on with the business of running this country, a country that each of us should be particularly proud to have the privilege of representing.

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I should like to commence by adding my words of congratulation to the Mover and Seconder of the Throne Speech.

It sounds platitudinous to say that the New Democratic Party is dedicated to a new national health plan, but one proof of the sincerity of this dedication is the leadership in both hospital and medicare plans introduced by our colleagues from Saskatchewan. The aspiration to a genuine national health arrangement is not unique to the New Democrats. It is clear, however, that alone among political parties we have the conception of a national health plan, Government-sponsored, comprehensive in both items, coverage and those covered.

The terms "medicare", "national health plan", and "Government-sponsored health plan" have been so bandied about by politicians, a royal commission, insurance companies, the Press and medical associations for so long that the health needs of Canadians have been nearly lost in verbiage. It is much like our search for a national identity. We have been so preoccupied with what we are not that we have lost sight of what we are, or what we should be.

In assigning guilt for our medicare confusion, the Liberal Party, the National Liberal Party, merits the largest measure. It is the most guilty of all because it has promised for the longest, has had the most opportunity to act and has done nothing. Again, in this Throne Speech of 1965, the rosy promise —vague, tantalizing and unsupported—has been resurrected. This strikes us as tawdry politics. Has not the government the advantage of the Hall Commission Report showing the need, the urgency and the right kind of medicare? Of course it has; but even so, the Liberal Party has not assumed the responsibility required by the Hall Report. One can imagine medicare as a nettle that the Liberal Party will parade around with on a platter but refuse, for the poorest of reasons, to grasp in hand and carry.

The Liberals have promised a Government-sponsored health plan since 1919. They have been in power 33 of the past 46 years. I have here a copy of the Toronto *Star* dated April 21, 1948, from which I should like to quote. This Liberal newspaper is so old that it may fall apart, just like the Liberal promises.

The article states:

Health insurance at once said plan of Premier King.

In the body of the article appears the following statement:

> The goal of the national health insurance and the social security scheme is that all Canadians will be covered by it and all Canadians will be contributing toward its cost.

This sounds very modern, much like what we are asking for today, but still we are waiting.

Another pamphlet that I should like to quote from is one that the Liberal Party itself brought out during its campaign in 1963, and which is entitled "The Policies of the Liberal Party". At page 15 appears an article entitled "Caring for Health".

Underneath that heading the following is stated:

> Establish, in co-operation with the Provinces, a medical care plan for all Canada.

It also states:

> The Liberal plan for student scholarships and loans will enable more people to become doctors.

Then it speaks of more people becoming doctors; but the student loan legislation brought out by the Liberal Government, because of its excessive costs and the longevity of the course—and of course there are still no scholarships—does not encourage students to study medicine.

Another 1963 Liberal publication is entitled "Health Care as Needed", and sets out a promise for prepaid care, which is available to everyone, on terms which everyone can afford. It says that all Canadians should be able to get health care at the time they need it, without the anxious fear of bills they cannot afford. Again, this was very modern in its conception and is related to something that has been going on since 1919. But it is still nothing but a promise.

In June of 1964 the Hall Royal Commission Report on Health Services was tabled in the House of Commons. Even its most urgent recommendations have thus far been ignored. There have been many promises, and more thousands of words, but still no action has been taken. The Minister who should be responsible talks a good game on medicare. We suspect she has thought out the course ahead and has had the tactical ability to foul it up, even more adequately than she did the National Pension Plan. From the original promise of 1919 to the "health care at once" of 1948, to the party platform in 1963 and to the words in the House of Commons in 1964 and 1965, how does one go about orientating oneself in these Liberal semantics?

[Mr. Howe (Hamilton South).]

• (4:50 p.m.)

The New Democratic Party has always stood very clearly for an all-inclusive, completely comprehensive, compulsory, Government-sponsored national health plan. The plan includes doctors' care, dental care, drugs, glasses and prosthetic appliances. It postulates increased educational facilities for doctors, nurses and technicians, for preventive medicine and badly needed research facilities. The New Democratic Party stands firmly in support of all these provisions. We stand firmly against high cost partial plans, against deterrent fees and particularly against the indignity of means testing.

I should like to take the Hall Commission Report and quote from the actual charter set out in the Report:

> The achievement of the highest possible health standards for all our people must become a primary objective of national policy and a cohesive factor contributing to national unity, involving individual and community responsibilities and actions. This objective can best be achieved through a comprehensive, universal, health services program for the Canadian people implemented in accordance with Canada's evolving constitutional arrangements, based upon freedom of choice and upon free and self-governing professions and institutions, financed through prepayment arrangements, accomplished through the full co-operation of the general public, the health professions, voluntary agencies, all political parties, and governments, federal, provincial and municipal, directed toward the most effective use of the nation's health resources to attain the highest possible levels of physical and mental well-being.

Within this report, however, there are certain recommendations considered to be urgent enough that the Commission advised their implementation within six months of the tabling of the Report. They are as follows:

1. A Federal-Provincial conference. This is what the Government now suggests in the Speech from the Throne 10 months after the report was tabled, in which it was said that this was something urgent that should be done within the first six months. We should be working on the recommendations of such a conference instead of discussing its inclusion in the Throne Speech.

2. The inclusion of mental and t.b. care under the Hospital and Diagnostic Services Act.

3. A crash program of health personnel training and education.

4. A children's dental program.

5. The provision of services to crippled and mentally retarded children.

6. Expansion of the Medical Research Council into a Health Sciences Research Council.

The urgency of these steps was stressed. It has been underlined again and again by Mr. Justice Hall. Nine and a half months later no action on any of these urgent matters is yet in sight. In its more specific recommendations the Report goes on to stress the following necessities: First, crash programs to provide personnel, hospitals, research into mental illness and retardation, drug addiction and alcoholism; a long list of medical services, including medical, surgical, maternity, preventive, ambulance, etc.; dental personnel, facilities and free care for children and expectant mothers and the fluoridation of municipal water supplies; the removal of the 11 per cent sales tax on drugs and the provision of prescription drugs over $1; free optical services for all, including free glasses for children; greater facilities, scholarships and salary funds for all phases of medical education, and vastly increased medical research funds, which recommendation, incidentally, has been echoed strongly by the Medical Research Council.

The Report recommends strongly against partial, non-compulsory plans, against means testing and against deterrent fees. Yet, Mr. Speaker, in the presence of these urgent recommendations this Government is standing by and watching Province after Province come up with schemes which this report has so strongly recommended against. It is hard to blame the Provinces for this variety, this developing crazy quilt. Why? Because the Federal Government continues to abdicate its responsibilities.

To this date, half the Provinces of Canada have established or announced plans for establishing their own medical care schemes. Under the C.C.F., Saskatchewan set up the first and only universal, comprehensive, medical care scheme, now functioning well and covering 99.8 per cent of its population. This scheme would readily fit into a comprehensive Federal plan. Alberta's plan, better known as "minicare", fails to cover the low income groups which need it most. It employs a form of means test and the benefits supplied are minimal. Both Ontario and British Columbia have given up waiting for Federal action and have outlined plans for coverage similar to Alberta's, again with a means test and a subsidy to those unable to pay premiums. Needless to say, the private insurance companies are delighted. They will now have Government subsidized profits. Most recently Quebec has announced its intention to establish its own health scheme. In at least three Provinces, Alberta, Ontario and British Columbia, the schemes are or will be such as to conflict seriously with a Federal, universal, comprehensive plan. The Government's delaying tactics have only intensified the problem.

What a fantastic anachronism that anyone today should suffer the indignity of a means test. Such a concept extends both indigency and indignity in providing our fellow Canadians with charity. Ask yourself the question: Should there be a means test in education other than the means test of ability? Of course not, and it is even less defensible in health. Our fellow Canadians do not want charity. They simply want the advantages of the best medical treatment.

For now, for the future, is quality medical treatment only for those with the financial means to afford it? This is the present attitude of medical associations in North America. It seems to be, for the want of a clear expression of intent, the present policy of the Government.

What are the barriers which prevent the full institution of the recommended national health services program? I believe there are two. Each is a pressure group, a lobby, an influence against coherent, constructive change.

First there are the private insurance companies. No one in politics nor in the insurance game has ever denied that the two old parties get much of their financial support from them. I should like to quote from statements made by such company spokesmen when the Hall report was tabled. Remember that the predecessors of these men opposed the first old age pension plan, unemployment insurance and government directed hospital insurance. Mr. G. L. Holmes, the manager of the Manufacturers Life Insurance Company, said:

> I don't like anything to be given free to people if they can pay for it or part of it. This is what happened to hospital insurance and now people are using hospitals too much. We will all have to pay increased taxes.

J. T. Bryden, Vice President of the North American Life Assurance Company, said:

> I do not agree with the philosophy of full medical care for all out of the public purse. Each citizen should shoulder his own responsibilities.

Vice President T. E. Gill of the London Life Insurance Company said that a medicare plan would just be another strain on the economy and that private enterprise can do the job cheaper. Vice President W. J. Adams of the Canada Life Assurance Company said that he doubted that the government could finance medical care cheaper than private companies, and that the universal hospital

insurance scheme had cost four or five times more than was originally anticipated. It is obvious where the interests of these people lie.

The second and stronger source of opposition to a genuine national health porgram is the doctors themselves and their associations. Doctors arguing against a medicare plan consistently reveal only selfish motives rather than concern for public needs. A *Globe and Mail* editorial puts it this way:

> Many persons have become suspicious of doctors' opinions in this matter, believing that in some cases their self-interest may outweigh their humanitarian principles.

● (5:00 p.m.)

The most frightening aspect of doctors' intransigence is the blindness of doctors to logical trends within their own profession. And by their blindness they also set themselves apart from and superior to all other professions. For example, is there any greater responsibility for integrity and dedication than that of the teaching profession? Relative to doctors, have teachers failed in a professional sense to adjust their functions and ideals to developing society? I do not think so. Yet teachers have done their work almost universally in Canada under the protective guidance of government administration, both municipal and provincial. There is nothing in this contention of organized medicine, that a Government-sponsored comprehensive plan is innately destructive of their professional ethics. And, of course, Saskatchewan in a short time has proved it is not a blight on their pocketbooks.

Another aspect of doctors' astigmatism is their inability to see how the development of "clinic" medicine and the enlargement of hospital services have been in response to the doctors' own refusal to carry on with the old idea of the all-purpose doctor working alone. In co-operation with the multi-division of responsibility has come advances in research, technique, quality, and much better working conditions for doctors.

The doctors rehash the old argument of quantity rather than quality as a real danger in our projected health program. This is an admission that the needs of the people are greater than we are able to supply at present. How will they meet this ideal? The only answer seems to be by the vagaries of the market's attractiveness to potential doctors and dentists.

Does this mean that only those who can afford it should get the latest and best treatment? Does this mean that we have two classes of citizens, and that second class citizens do not deserve the best of care? This may have been great, believable stuff in the old days of Queen Victoria when the theory was that the poor are always with us. It is indefensible today.

[Mr. Howe (Hamilton South).]

Rather than restrict the care of these people, would it not be more to the point to provide more facilities for the education of doctors, so that we can provide full care for all who need it? Evidently this Government does not think so. Replying to a question on September 16, 1964, the Minister of National Health and Welfare (Miss LaMarsh) indicated that, in view of the fact that any new medical school would take eight years to produce doctors, "this matter will have to wait for an announcement on over-all Government policy". How does one follow such negative reasoning?

Doctors speak of potential excessive demand for services. Would the demand really be excessive? Is this not simply an admission that present care is inadequate?

It is my considered opinion that present methods, costs and facilities, do not allow everyone to get the medical care that is necessary. If they were provided as they should be, one could not consider such usage as "excessive demand".

So, Mr. Speaker, in conclusion, I would like to say that any Government that is genuinely responsible to the people it serves cannot do less than this: to give them the most basic of all services in a way that does not grant charity, that does not destroy human dignity, and provides the best in modern medical care to all who are ill. Surely this is the least that can be done.

This can only be done by a Government-sponsored, universal medical care program, not eight years from now, not four years from now, but immediately. Procrastination, the refusal to care and dare, eternal compromise; these are qualities that have become the fetish of Liberal politicians in the health field. The New Democratic Party insists it is not good enough.

[*Translation*]

Mr. Gérald Laniel (Beauharnois-Salaberry): Mr. Speaker, I am very glad to take part in this debate on the address in reply to the speech from the throne, and I would be remiss if I failed to congratulate the mover (Mr. Cashin) and the seconder (Mr. Chrétien). They carried out their task magnificently and did honour to their constituents.

[*Text*]

I also wish to congratulate the hon. Member for Westmorland (Mrs. Rideout) on the marvellous maiden speech she made this afternoon.

• (5:10 p.m.)

[*Translation*]

Mr. Speaker, in view of the great number of measures proposed to us in the speech from the throne, we cannot but rejoice and also congratulate the Prime Minister (Mr. Pearson) and his cabinet for preparing such a wide and far reaching program. We see there an indication that the government does not want to shirk its responsibilities and after two years in office it shows its vigour and determination to tackle all problems. Everyone seems to agree that Parliament has a tremendous amount of work to do and yet all are unanimous in saying that almost all the proposed measures are necessary and urgent.

Once again the present government shows that it is a responsible government and it challenges all hon. members to face up to their responsibilities and, for the general good of the country, to pass without delay this session's program.

The Leader of the Opposition (Mr. Diefenbaker) called the speech from the throne an "election manifesto", stating further that it was full of "nebulous promises" taken from previous election platforms and even from other countries. Personally, I do not need to know who are the promoters of some of those measures; I am only interested in seeing them there, included in a program soon to be implemented by an active, even though a minority government, anxious to serve the best interests of the country by carrying out in a responsible way the mandate given to it following the last general election. The press generally had been rather critical of the government in the last few months, accusing it of inaction, backtracking and indecision. But it was comforting last week end to read the comments about the results achieved in the past two years.

It is much to the credit of the Prime Minister, a man who is recognized as an authority on international affairs and who every day shows that he has all the qualities of a great statesman when it comes to solving our domestic problems. Some do not like his method; they would like him to make more noise and indulge in great controversies as some others do. But we, who are close to him, cannot but appreciate the kindness and humanity he brings to the study of great and small problems and rejoice to see the results he achieves.

Mr. Speaker, I feel that the very basis of that heavy legislative program is one of the measures included in it, namely the reform of the parliamentary procedure and the adoption of some recommendations made to the house by the committee on procedure and organization. These changes would certainly result into a more expeditive dispatch of the business of the house, and indirectly they would give us the opportunity to show the people that we are able to carry out the business of government as real administrators, without for all that jeopardizing democracy. I hope that this reform will include a suggestion I made in the house on July 15 last to allow the members who wish to do so, to leave their speeches with the Clerk so that they may be taken as read as it is done in Washington.

It is a custom with which the house is not completely unfamiliar since this occurs regularly when the ministers ask for the unanimous consent of the house to table answers which are too long or in the case of long statements.

This way we would avoid a prolonged debate and a continuous repetition of arguments after a number of speeches.

At the time the right hon. Leader of the Opposition said that my proposal was ridiculous under a British-inspired parliamentary system, but I am entirely at variance with him, especially since we already have a few restrictions and limitations. The debate on the address in reply to the speech from the throne is limited and so is the speaking time allocated to each member. Occasionally, we also limit the duration of certain debates on the consensus of all the various parties. Why should we not be free to change our rules? Why balk at evolution? The Leader of the Opposition is considered as a parliamentarian of great experience but he should not, by refusing his consent to a change in the standing orders, run the risk of finding himself practically isolated here some day.

Many young members have come here full of enthusiasm and you can be certain that the long debates of the last session and the complexity of our parliamentary system are such that some of them wonder how long they will continue to belong to a Government organization which is too often more disappointing than satisfactory.

Mr. Speaker, during the forthcoming months we will continue to hear the voice of

those who claim that the present government wants to destroy confederation and divide Canada, but I am satisfied that their number is decreasing constantly. The population realizes increasingly that our government has assumed its responsibilities with regard to the problem of Canadian unity and has already asserted unequivocally its intention to do its utmost to develop a better understanding between the two founding nations. The Laurendeau-Dunton commission has not yet found a magic formula, but its recent report is a warning to those who pursue an ostrich-like policy and attach no great importance to the urgency of finding a solution which would bring all Canadians closer together. Following the recent hearings of the commission in Montreal and Toronto, we have noticed an improvement over last year's situation and the various briefs submitted are an indication that the people as a whole are more conscious of bilingual and bicultural problems and of the importance of a dialogue. Let the Laurendeau-Dunton commission pursue its task, let us stop criticizing it, and let us be confident that 1967 will be noted for this sense of unity and understanding which is everyone's wish.

The dialogue is open at the level of the people; it is making great progress at the level of the federal and provincial governments where the responsibilities are scrutinized and where the fiscal problem is being considered thoroughly.

During that time we are all evolving toward a greater Canadianism which takes into account each one's claims. This is the best safeguard against some dangers referred to by opponents of the formula for repatriation of the constitution. I believe it represents a first step which will serve as a basis for the development of this constitutional agreement between the ten Canadian provinces. I do agree that the British North America Act must be rejuvenated, and this as soon as possible, but between this and saying that a new constitution can be written overnight, there is quite a margin, and I am inclined to believe that words are easier than deeds.

I wish to congratulate Mr. Faribault and Mr. Fowler for their recent essay on the constitution entitled "Ten for One". Their proposals may offer a basis on which other constitutional experts could continue the dialogue and finally put forward ideas which will give our governments the way to find a solution. It should, however, be recognized that Canada presently is changing at a dizzy speed and that some ideas expressed today are often made obsolete the day after by events and numerous problems that arise. This is why I am rather inclined to believe we are presently writing the new constitution, that we are in the process of writing it every day and that our rapid evolution will lead us to a position where we may more easily agree on most of the provisions which may define the jurisdictions, the responsibilities, each other's rights and the sharing of taxation powers. I agree with the hon. member for Drummond-Arthabaska when he says, and I quote:

> An entirely new draft of the 1867 act appears to me, at the moment, when everything is under discussion, where everything is fluid, not only impossible, but dangerous. Even if co-operative federalism does not reject it for the future.

Theorists in constitutional matters do not agree on the formula for repatriation, but I place my trust in our Minister of Justice (Mr. Favreau) and the experts from the ten provinces who, after lengthy consultations, have agreed upon an amending procedure which will allow us to Canadianize the B.N.A. Act. The dialogue is opened on the evolution of Canada, and it will become livelier as soon as we show our good will by making this first step which is a start toward the adoption of a new constitution or the improvement of the present one.

Those who do not have any responsibility for the affairs of this country may very well advance many theories. The time for intransigence no longer exists; we must trust one another and we must not neglect the advantages of a gradual evolution which will lead us toward better results without upheaval or turmoil.

In his speech, the right hon. Leader of the Opposition tried to ridicule the Government position, he put the emphasis on the differing views of those who do not approve the Fulton-Favreau formula. And yet, he has not given any indication as to whether he supported all the views of those people, and even less, whether he had the confidence of those people on this problem of national unity. Our Prime Minister has proven more than once his concern for this problem of national unity and he has shown his sincerity in bringing about these measures which, in the long run, will strengthen Canada.

I admit that the adoption of a distinctive national flag will not solve all our problems, no more than the adoption of "O Canada" as our national anthem, but, there, we have the recognition of our sovereignty; those are small things that play on our heart strings

and prepare us for a better dialogue. Those symbols are factors of unity which Canadians will increasingly endorse while trying in an exchange of views to understand and appreciate each other better.

On April 1, 1965, in the British House of Commons, Prime Minister Harold Wilson said and I quote:

Nobody here has the monopoly of concern—

Those words apply especially well to the members of this house. Some could surely ponder over this sentence, because the opposition seems to feel sometimes that it is the sole depository of the truth, the only one to see things clearly and to be qualified to pass judgment on Canadian as well as on international problems.

Well, on the Government side, we put action before words. Our achievements up to date show it and the speech from the throne is a still more tangible proof. It covers everything, from international affairs to the war against poverty, from the repatriation of the constitution to a public assistance plan, from the creation of a science council to measures intended to increase sharply the income of our farmers, from assistance to depressed areas to increased assistance to workers displaced by automation; I could go on for quite a while.

All these measures are considered realistically; none will be taken on the sly. Some of them, however, call for negotiations with the provinces and the speech from the throne is a clear indication that it is the intention of the Government to keep on improving the methods and practices governing federal-provincial relations, so that all Canadians can feel they get their fair share out of confederation. This means that we want to intensify our talks with the provinces and seek solutions with them.

• (5:20 p.m.)

[*Text*]

Mr. Speaker, quite disappointing, of course, is that program of action to some of the Members of the Opposition and to their party. The Conservative amendment did not take anyone by surprise. What else could they say? They did not succeed in five years in giving our country any good leadership, and they cannot suffer any action by others which pinpoints more precisely their inaction during those five years.

I was more surprised by the subamendment from the New Democratic Party Leader. He surely has noticed in the Speech from the Throne "the intention of the Government to meet with the Provinces in order to discuss with them the way in which Federal and Provincial action can most effectively contribute to programs that will provide health services to Canadians on a comprehensive basis". Is this not an indication of positive action to be taken afterwards by the Federal Government in view of giving the lead in that field toward a solution that could be approved by the Provinces? We succeeded in making the Pension Plan a national one because of consultation, and it could not be otherwise for any medicare program.

The speech of the Hon. Member for Burnaby-Coquitlam (Mr. Douglas) gave me the definite impression that he does not approve of consultation with the Provinces. This is quite a different attitude from that of the Leader of his party in the Province of Quebec, Mr. Robert Cliche. Mr. Cliche in all his recent speeches takes the attitude that he is promoting a complete dialogue with the Provinces, and he tries very hard to show himself as the great defender of Provincial autonomy. If the National Leader of the New Democratic Party expresses opinions the way he did yesterday toward consultation with the Provinces in regard to the repatriation of the Constitution and concerning the establishment of a national, complete health insurance program, we are inclined to have doubts about his whole attitude toward Federal-Provincial conferences.

Taking these facts into account, I come to the conclusion that his subamendment is not less than a vote of confidence on the whole principle of consultation with the Provinces and also a vote against the positive actions of this Government in that field. Because of the principle involved, Mr. Speaker, this subamendment should be defeated by a roaring majority.

[*Translation*]

Mr. Speaker, the government is setting steadily to work again and its forward looking policy does not make it forget the present issues. It is endeavouring to co-ordinate all efforts to make Canada a united, strong and prosperous country, where poverty will be enemy number one. It wanted its operations to rest upon a dialogue and we are now faced with a subamendment that condemns, in itself, the principle of true federal provincial relations. We owe it to ourselves to defeat it with an overwhelming majority, in the hope that the members of the party that moved it will realize that they still do not understand the problem of Canadian unity.

The Address—Mr. H. M. Horner

[*Text*]

Mr. H. M. Horner (Jasper-Edson): Mr. Speaker, I, too, want to add my congratulations to the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) for their contribution in opening the debate on the Speech from the Throne. I want particularly to pick up a segment of the speech of the hon. Member for St. John's West in a minute and dwell on it for a little while. But first of all I want to make a few general remarks with regard to the Speech from the Throne.

It seems to me that this is a Speech which came out of the Liberal Univac machine or computer. It seems to me that they went around with their mandarins and their eggheads, had some questions asked and put the answers into a computer. There is a little bit of doubt as to where the computer is located; whether it is here in Ottawa or in Washington. It would seem that this Speech from the Throne is, sort of, the left-over breakfast from President Johnson's Great Society Campaign. It is a little bit sad to think that the Liberal Party could not devise some sort of platform for Canada that was not based on Americanism, that was not brought up and hatched in our neighbour to the South.

It seems to me that this Speech from the Throne, as others have said before me, is remarkable for what it has left out; it is remarkable in that it has not done anything or has not suggested anything to cure the rampant Liberal inflation that we have at all times with a Liberal Government. The cost of living is rising faster than ever before. There is the intractable position of the Government in refusing to remove the 11 per cent sales tax on the one hand, while on the other we see Ministers trying to encourage production in Canada, and export trade. Yet this Government persists in penalizing our manufacturers and penalizing the producers in Canada with this most atrocious tax. It seems to me that we are providing for low prices to primary producers, and this coupled with rising inflation and the cost of living has left our primary producers in Canada in a sorry state indeed.

Also, Mr. Speaker, they do not say anything in their Throne Speech as to what they are going to do about the economic situation in this country. They seem to be preoccupied with the cultural and welfare aspects and fail to realize that somebody has got to pay for it, somewhere, some time. Our friends in the Social Credit Party have been true to form. The hon. Member for Red Deer (Mr. Thompson), who at the Christmas recess said he was going to topple this corrupt Government unless they did something about reorganizing their Cabinet, now comes before us and in his speech on six occasions commends this Government. They were the ones who were going to topple this Liberal machine. Then, of course, we have our friends in the New Democratic Party. I think they are going to go along with the Government, too.

[Mr. Laniel.]

• (5:30 p.m.)

I would like to quote very briefly from the *Globe and Mail* of this morning, "Looking Into Business", by Fraser Robertson. I think it is rather a good way to start on the criticism of this Throne Speech, this Univac attempt to gather votes. He starts out like this:

> Any businessmen who had maintained until yesterday a conviction that business could be carried on as usual in Canada, or even businessmen who had lingering hopes that the entrepreneurial system based upon a market economy could survive in this country, surely must know better now that the Government has presented its legislative program to Parliament...
>
> The wording is slightly different, but the measures are lifted almost intact from the manifesto of the New Democratic Party.

Then he goes on to make reference—and this is important—to the changes in rules and the procedural improvements which might be brought in, and I think all of us should keep in mind what he has to say in this regard:

> Cynics might interpret that as a declaration that debate and criticism of Government measures is tolerable only if it does not impede passage of what the Government proposes.
>
> The moral of this so far has largely been missed by business. It is that opposition to Government proposals, no matter how soundly based upon experience, largely is a waste of time.

Is that what we are coming to in our new rules changes? Is it going to be a waste of time to bother even opposing what a Government is going to insist upon? So we have this "Univac" Throne Speech, thrown out not to help the country but to try and improve the political image of the Government. We have a welfare approach to an attack upon poverty, but this welfare approach to poverty cannot be anything more than a stopgap. Production in Canada must pay for the welfare. There is precious little in this Speech for the people who are paying the bills.

I am going to suggest, Mr. Speaker, that the Government has been wrong in its approach to this problem, not only now but perhaps for a long time. For years we have been trying the welfare approach. This is

fine, and it meets immediate needs and ameliorates suffering. But it does not do anything about the basic problem. What about the one million jobs we are going to require? What about the jobs we need now? What about our productive capacity? What about medicare?—and I will have something more to say about that in a minute. What about ARDA? Whatever happened to the words the Prime Minister (Mr. Pearson) often used two or three years ago—"boldness", "imagination"? They are strangely lacking in this Speech.

I am convinced there is another answer to the problem. There is another position which the Government should take with regard to these problems. I do not believe that a "Big Daddy" type of Governmental system, in which the Government has to sit on the people like a setting hen on her chicks, will ever produce a great Government or make a great country out of us. We are so far behind in research and development in Canada that this minor item in the Speech from the Throne about a Scientific Council is like a drop in a pool of water. I do not mean we need any larger bureaucracy; Heaven's above, we have enough now. We have too many bureaucrats and we have precious little action. The Economic Council which this Government set up has cost a lot of money in order to provide some advice which the Government has largely ignored. We are losing right now, as mentioned by the hon. Member for Burnaby-Coquitlam (Mr. Douglas), $2.8 billion a year in lost production.

What do we need in Canada? What should the Government's approach be? In my opinion we have to go back to what was said by the hon. Member for St. John's West (Mr. Cashin) in his opening address. What is really needed is some kind of drastic action like that which motivated us during wartime. There is no drastic action in this Speech. I am suggesting that we should think about having a $2 billion research fund which could be spent over the next five years to help business to pay for this welfare program. We need research and development.

The hon. Member for Hamilton South (Mr. Howe) talked about a medicare program. I want to remind him that the major difficulty with the teaching profession is that they are all like square pegs in round holes. The difficulty with our educational system is that merit pays and individual initiative is forgotten. If we are going to have quality medical care let us not forget about individual initiative, because as both you and I know, Mr. Speaker, so well, we will not have quality medical care without it.

What do we need before we achieve all this? We need a tremendous amount of regulation in Canada. We need a tremendous amount of money put into educational facilities to make available the medical personnel and technicians who are going to give this kind of care to all Canadians. Apparently the Government have no recognition of some of the problems which have to be looked into before we can achieve our objectives.

We in this Party have always stood for a national medicare plan based on freedom —freedom of the people who are providing the service and freedom of the patient to go to whom he pleases to get the service. We need tremendous amounts of funds to be made available to our universities and private enterprise for research into medical fields. This will do two things right away. It will provide the jobs which we need now and it will keep more of our best brains at home in Canada where they can do this type of research.

We also need research into our national resources. We need research into the matter of production, into the matter of marketing, into the matter of land use. We have had a Committee study land use, yet we know very little about the productive capacity in Canada of any of our soils. People talk about a population explosion, yet we are ignorant of what this really means in Canada. So this Government comes along with another welfare approach, instead of putting some money into a program of development and research which could stir up the country and do something to provide the one million jobs we are going to require very shortly. This research would provide some jobs immediately and would set the pattern to give us the one million jobs we are going to need in the next few years.

Coupled with this research we need development. I know the Liberal Party has been a stagnant party and does not like development. Their Members voted against a railway in Northern Alberta. They do not seem to think that this type of development is worth while. This is where government should be involved in initiating development and research, in getting private companies to go to work—because they are the people the Government is asking to pay the bills. We cannot keep taking a welfare approach to the question of poverty, because in the long term this will solve nothing. You can pay pensions and you can provide medical services, but unless you are going to provide

the initiative for the great majority of Canadians to get out and develop the country then you are not going to have the money or the material wealth to undertake all of these welfare programs which everyone would like to see.

Very briefly, Sir, we need development along other lines in this country, and this Speech from the Throne is totally lacking in any of these directions. We need development of our human resources. We need some studies made with regard to leisure time and other social problems. We need development of our transportation system and research into transportation. The Minister of Transport (Mr. Pickersgill) has gone part way in this connection with his announcement the other day about airports. But we need more than that in Canada. We need landing rights for Canadian Pacific Air Lines in other cities in Canada, particularly Calgary and Edmonton. If we are to continue to be able to afford some of these welfare measures we need further development of our trade and marketing apparatus. We will have to get up off our fannies again and produce and package, market and sell. I do not see anything in this Speech from the Throne which will help us to do this.

• (5:40 p.m.)

The Speech from the Throne deals with international affairs. The best way that Canada can contribute to international affairs, in my opinion, is by setting an example here at home. Before we go rushing off into spheres into which we should not be, we should clean up our own backyard.

We need development in immigration. We need people in this country if we are going to develop our resources and have an adequate standard of living for all. We cannot do that through welfare projects. We cannot do that by adopting the superficial Univac political approach which this government has taken.

There is no doubt in my mind that we will support the subamendment because we have lost all confidence in this Government. They have bungled, they have led us up the garden path and they are completely inept as far as developing the country is concerned. We have no room in Canada for the Socialism of the Liberal Party; because with that Socialism we will have stagnation, and instead of raising the standard of living of the people of this country it will go down, because we will not be able to afford all these delightful welfare services which this Government would like to promise.

[Mr. Horner (Jasper-Edson).]

We need responsibility in Government and we should like to think that this Government would provide some leadership, but I am afraid there is no leadership there. There has not been any leadership provided by this Government for the great majority of the people in Canada who are paying the bills. This Government has not even suggested that it is going to do something about these problems. If we are not going to have production, if we cannot have employment and if we cannot have development, then we are not going to go very far, and we would be far better to take the $2 million and set up a research program.

The Department of Industry is not doing anything at this time. It could take over this research program and put it into effect through private establishments and we would then have a real start toward the development of this country. We must have this research and we must have it immediately, not only in respect of medical sciences but in respect of agricultural development and many other things. Let us stop putting the cart before the horse and return to some basic reasoning in this country, because we cannot continue to adopt welfare projects as a solution to poverty. Such a course will stagnate this country and will in the long run increase poverty.

Mr. Speaker, as you can see, I have lost any feeling that there is any semblance whatsoever of responsibility on the part of this Government. We therefore have no alternative but to kick them out and get back on the right road for the development of Canada.

Mr. Speaker: Order. It being 5.45 p.m. it is my duty pursuant to section 3 of Standing Order 38 to interrupt these proceedings and forthwith put the question on the subamendment now before the house.

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

YEAS

Messrs:

Aiken
Alkenbrack
Barnett
Bell
Bigg
Brewin
Cadieu (Meadow Lake)
Cameron (Nanaimo-Cowichan-The Islands)
Cantelon
Cardiff
Chatterton
Churchill
Clancy
Coates
Crouse
Danforth
Diefenbaker
Dinsdale
Douglas
Fane
Fisher
Flemming (Victoria-Carleton)
Forbes
Girouard

Division

Grafftey
Gundlock
Hales
Herridge
Horner (Jasper-Edson)
Howard
Howe (Hamilton South)
Howe (Wellington-Huron)
Irvine
Jones, Mrs.
Jorgenson
Kennedy
Knowles
Korchinski
Lambert
Loney
MacEwan
MacLean (Queens)
Macquarrie
MacRae
McBain
McIntosh
Madill
Mandziuk
Martin (Timmins)
Millar
Moore
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
Orlikow
Ormiston
Pascoe
Pigeon
Pugh
Rapp
Ricard
Rynard
Saltsman
Simpson
Skoreyko
Smallwood
Southam
Starr
Stefanson
Thomas
Valade
Vincent
Watson (Assiniboia)
Webb
Webster
Willoughby
Winch
Winkler—84.

NAYS

Messrs:

Addison
Armstrong
Asselin (Notre Dame de Grâce)
Asselin (Richmond-Wolfe)
Badanai
Balcer
Basford
Batten
Beaulé
Béchard
Beer
Bélanger
Benidickson
Benson
Berger
Blouin
Boulanger
Boutin
Brown
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Caouette
Cardin
Caron
Carter
Chapdelaine
Choquette
Chrétien
Côté (Chicoutimi)
Côté (Longueuil)
Crossman
Cyr
Davis
Deachman
Dionne
Drouin
Dubé
Émard
Ethier
Eudes
Favreau
Forest
Francis
Frenette
Gauthier
Gelber
Gendron
Godin
Granger
Gray
Greene
Grégoire
Groos
Guay
Habel
Hahn
Haidasz
Harley
Hays
Hellyer
Honey
Jewett, Miss
Kelly
Klein
Konantz, Mrs.
Lachance
Laing
LaMarsh, Miss
Lamoureux
Langlois
Laniel
Laprise
Latulippe
Laverdière
Leblanc
Leboe
Lessard (Lake St. John)
Lessard (St. Henry)
Lloyd
Loiselle
Legault
Macaluso
Macdonald
MacNaught
McIlraith
McMillan
McNulty
McWilliam
Marcoux
Matheson
Matte
Moreau
Morison
Mullally
O'Keefe
Olson
Otto
Patterson
Paul
Pearson
Pennell
Pepin
Perron
Pickersgill
Pilon
Plourde
Prud'homme
Richard
Rideout, Mrs.
Rinfret
Robichaud
Rochon
Rock
Rondeau
Roxburgh
Ryan
Sharp
Stewart
Tardif
Temple
Thompson
Tremblay
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
—129.

Mr. Smith: I did not vote. I was paired with the Minister of Forestry (Mr. Sauvé).

Mr. McLean (Charlotte): I did not vote. I, too, was paired.

Mr. Mackasey: I was paired with the Hon. Member for Bow River (Mr. Woolliams). Had I voted I would have voted against the amendment to the amendment.

Mr. McCutcheon: I, too, was paired.

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

HOUSE OF COMMONS

Thursday, April 8, 1965

The House met at 11 a.m.

BUSINESS OF THE HOUSE

PROCEDURE RESPECTING INTRODUCTION OF PUBLIC BILLS ON ORDER PAPER

Mr. Speaker: As hon. members will have noticed, there are on today's order paper almost 100 public bills listed for introduction by private members. It would be difficult if not impossible for the Chair to review the provisions of these bills at this time. In view of that fact, may I suggest to the House that we adopt the procedure which was agreed upon by the House in the past two sessions, namely that we proceed to the introduction and first reading of these bills so that each may be scrutinized between now and the time appointed for second reading in order to determine whether there be any defect therein with respect to the practices and usages of the House.

Therefore, in order to save the time of the House, taking into consideration that perhaps more than two hours would be required to introduce each of these measures separately, it is suggested that, by unanimous consent, all the bills listed for introduction on today's order paper be deemed to have been introduced, given first reading and ordered for second reading at the next sitting of the house, subject of course to a subsequent examination as to the regularity of each bill.

Is it agreed?

Some hon. Members: Agreed.

PUBLIC BILLS

FIRST READINGS

Bill C-2, to amend the Criminal Code (the Judas-Tree Amendment)—Mr. Fisher.

Bill C-3, respecting the national game of Canada (lacrosse)—Mr. Prittie.

Bill C-4, to preserve and promote native Indian and Eskimo arts and crafts—Mr. Howard.

Bill C-5, to amend the Transport Act and the Railway Act (B.C. water carriers)—Mr. Barnett.

Bill C-6, respecting Canada day—Mr. Chrétien.

Bill C-7, to amend the Juvenile Delinquents Act (application to mentally retarded)—Mr. Howe (Hamilton South).

Bill C-8, to amend the Canadian Citizenship Act (freedom of conscience)—Mr. Fisher.

Bill C-9, to amend the Bank of Canada Act (form and material of notes)—Mr. Côté (Chicoutimi).

Bill C-10, to provide for control of the use of collateral bills and notes in consumer credit transactions—Mr. Ryan.

Bill C-11, to provide for the protection of news sources (press privilege)—Mr. Fisher.

Bill C-12, to amend the Immigration Act (foreign intervention in industrial disputes)—Mr. Ormiston.

Bill C-13, to amend the Immigration Act (disclosure of reasons for deportation)—Mr. Brewin.

Bill C-14, respecting Sir John A. Macdonald day—Mr. Macquarrie.

Bill C-15, to amend the Criminal Code (raffles and bingo for charitable purposes) —Mr. Gray.

Bill C-16, to amend the Criminal Code (disturbing the public peace)—Mr. Gelber.

Bill C-17, to provide for the establishment of the Canada Disaster Fund—Mr. Herridge.

Bill C-18, to restrain the use of tobacco—Mr. Mather.

Bill C-19, to amend the Oaths of Allegiance Act (affirmation)—Mr. Howe (Hamilton South).

Bill C-20, to amend the Railway Act (abandonment moratorium)—Mr. Southam.

Bill C-21, to amend the Fisheries Act (forfeiture floor)—Mr. Carter.

Bill C-22, to amend the Agricultural Stabilization Act (hog and egg prices stabilized half yearly and regionally)—Mr. Rapp.

Bill C-23, to amend the Immigration Act —Mr. Hahn.

Bill C-24, to amend the Small Loans Act —Mr. Orlikow.

Bill C-25, to amend the Bank of Canada Act (reserve)—Mr. Côté (Chicoutimi).

Introduction of Bills

Bill C-26, respecting marriage (age of marriage)—Mr. Matheson.

Bill C-27, to amend an act to amend the Senate and House of Commons Act and the Members of Parliament Retiring Allowances Act—Mr. Marcoux.

Bill C-28, to amend the Broadcasting Act—Mr. Chrétien.

Bill C-29, to amend the Canada Evidence Act (privileged communications)—Mr. Matheson.

Bill C-30, respecting genocide—Mr. Klein.

Bill C-31, to amend the Family Allowances Act and the Old Age Security Act (charitable gifts)—Mr. Harley.

Bill C-32, to amend the House of Commons Act (Speaker on dissolution)—Mr. Whelan.

Bill C-33, to amend the Criminal Code (a purge for the King's evil)—Mr. Fisher.

Bill C-34, to amend the Railway Act—Mr. Prittie.

Bill C-35, to amend the Senate and House of Commons Act (allowance to leaders)—Mr. Marcoux.

Bill C-36, to amend the Criminal Code—Mr. Prittie.

Bill C-37, to amend the Combines Investigation Act (captive sales financing)—Mr. Noble.

Bill C-38, to amend the Criminal Code (insanity)—Mr. Brewin.

Bill C-39, to better assure the public's rights to freedom of access to public documents and information about government administration (administrative disclosure)—Mr. Mather.

Bill C-40, to amend the Broadcasting Act (community antenna)—Mr. Fisher.

Bill C-41, to amend the Canada Fair Employment Practices Act (age discrimination) —Mr. Mather.

Bill C-42, to amend the Income Tax Act—Mr. Howard.

Bill C-43, to amend the Post Office Act (hate literature)—Mr. Orlikow.

Bill C-44, to amend the Unemployment Insurance Act (agricultural employees' coverage)—Mr. Rapp.

Bill C-45, to amend the Criminal Code (company housing)—Mr. Orlikow.

Bill C-46, to amend the Criminal Code (commutation of death sentence)—Mr. Temple.

Bill C-47, respecting the flag day of Canada—Mr. Rinfret.

[Mr. Speaker.]

Bill C-48, to amend the Railway Act (responsibility for dislocation costs)—Mr. Fisher.

Bill C-49, to amend the Bankruptcy Act (wage earners' assignments)—Mr. Orlikow.

Bill C-50, to amend the Canada Grain Act (off-track elevator licensing)—Mr. Olson.

Bill C-51, to provide for the development of certain provinces by the distribution of industry and for the reduction of unemployment therein—Mr. Coates.

Bill C-52, to amend the Weights and Measures Act (truth in packaging)—Mr. Orlikow.

Bill C-53, respecting the parliamentary staff —Mr. Aiken.

Bill C-54, to amend the British North America Act, 1867 (abolition of the Senate)—Mr. Knowles.

Bill C-55, to provide for a Canadian National Anthem—Mr. Ryan.

Bill C-56, to amend the Combines Investigation Act (Consent decree)—Mr. Gelber.

Bill C-57, to amend the Radio Act (community antenna)—Mr. Fisher.

Bill C-58, respecting the Department of Foreign Affairs—Mr. Marcoux.

Bill C-59, to amend the Criminal Code (Contempt of court)—Mr. Cowan.

Bill C-60, to amend the Canada Labour (Standards) Code (severance pay)—Mr. Fisher.

Bill C-61, to establish the office of parliamentary commissioner—Mr. Thompson.

Bill C-62, to amend the Bills of Exchange Act and the Interest Act (off-shore instalment sales)—Mr. Orlikow.

Bill C-63, to amend the Bankruptcy Act (Orderly payment of debts)—Mr. Smith.

Bill C-64, to repeal the Tobacco Restraint Act—Mr. Cowan.

Bill C-65, to amend the Criminal Code (provincial lotteries)—Mr. Valade.

Bill C-66, to amend the Criminal Code (nuisance).—Mr. Herridge.

Bill C-67, to amend the Combines Investigation Act (floor penalties, criminal joint tortfeasors, and moieties)—Mr. Orlikow.

Bill C-68, to amend the British North America Acts, 1867 to 1964, (provincial marriage and divorce laws)—Mr. Prittie.

Bill C-69, to amend the Financial Administration Act (discretionary garnishee against Crown)—Mr. Whelan.

Bill C-70, to amend the Canada Elections Act (appointment of D.R.O.'s and poll clerks) —Mr. Francis.

Bill C-71, to amend the Trans-Canada Highway Act (Confederation road)—Mr. Fisher.

Bill C-72, to amend the Criminal Code (wire tapping, etc.)—Mr. Pennell.

Bill C-73, respecting the national game of Canada—Mr. Roxburgh.

Bill C-74, to amend the Small Loans Act (Advertising)—Mr. Orlkow.

Bill C-75, to approve the *ex gratia* payment of compensation to persons injured by aiding and assisting the Governor General to preserve and maintain the public peace and order and to dependants of persons killed thereby (criminal injuries compensation act)—Mr. Ormiston.

Bill C-76, to provide for the length of sessions of Parliament—Mr. Ryan.

Bill C-77, to amend the Northern Ontario Pipe Line Crown Corporation Act (Tisdale grain elevator)—Mr. Rapp.

Bill C-78, to amend the Financial Administration Act (public accounts)—Mr. Fisher.

Bill C-79, to amend the Canada Labour (Standards) Code (increase in minimum wage) —Mr. Knowles.

Bill C-80, respecting the inspection of tobacco and tobacco products entering into international and interprovincial trade (tobacco inspection act)—Mr. Whelan.

Bill C-81, to amend the Canada Labour (Standards) Code (three weeks annual vacation after three years)—Mr. Knowles.

Bill C-82, to amend the Broadcasting Act (political programs)—Mr. Harley.

Bill C-83, to amend the Interest Act—Mr. Orlikow.

Bill C-84, to amend the National Capital Commission Act (tenure of office)—Mr. Francis.

Bill C-85, to amend the British North America Act, 1867 (royal assent, reservation and disallowance)—Mr. Choquette.

Bill C-86, to amend the Broadcasting Act (disclosure of C.B.C. service program, cost, and estimates for 5 years)—Mr. Fisher.

Bill C-87, concerning the exportation of the growth and produce of Canada—Mr. Peters.

Bill C-88, to amend the Criminal Code (family planning)—Mr. Francis.

Bill C-89, to amend the Juvenile Delinquents Act—Mr. Howard.

Bill C-90, to amend the Criminal Code (restriction on publication of proceedings)—Mr. Lachance.

Bill C-91, to amend the Indian Act (liquor rights)—Mr. Barnett.

Bill C-92, respecting the Canada medal—Mr. Leblanc.

Bill C-93, respecting Commonwealth day—Mr. Rynard.

BICULTURALISM AND BILINGUALISM

SURVEY OF MEMBERS OF PARLIAMENT BY ROYAL COMMISSION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, would the Prime Minister now be in a position to make a reply to the questions which were asked by the hon. Member for Mackenzie and the hon. Member for Marquette regarding the questionnaire of the B and B Commission, containing as it does a variety of questions which are none of the business of the B and B Commission?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, immediately after the orders of the day yesterday, when I left the House I got in touch through my office with the Commission and asked them, as indeed I had before, for information on which to base a reply to this question. I was assured this morning when I phoned them just before coming into the House that a reply was being forwarded, but I have not received it yet. However, I will do so, and I apologize to my hon. friend for the delay.

Mr. Diefenbaker: I understand, Mr. Speaker, that these things happen, but I do hope the Prime Minister will be in a position to answer tomorrow, because what has taken place in this questionnaire challenges the entire jurisdiction of the B and B Commission.

GRAIN

WHEAT—REQUEST FOR ANNOUNCEMENT OF PRICING POLICY

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, a week ago today, during the previous session, I asked the Prime Minister whether he would be able to make any announcement regarding the Government's wheat pricing policy before the farmers began their seeding operations. At that time the Prime Minister indicated that he hoped he would be able to make a statement during the course of the next few days, and I am wondering whether the Prime Minister is now ready to make that statement.

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have discussed this matter with the Minister of Trade and Commerce, and perhaps he is now in a position to make a short statement on the matter.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I have looked up the dates on which the announcement of an initial price has been made in the past, and I have found that it is not usual for such statement to be made so early in the year. Last year it was made on June 17. The previous year it was made on July 24, and the year previous to that on August 7; for 1961-62 on July 6, and for 1960-61 on July 19.

Mr. Douglas: A supplementary question. Am I to take it from the Minister's statement that there is no change in policy for the coming crop year, and that the Minister will merely be announcing an initial payment and will not be announcing any guaranteed final payment?

Mr. Sharp: Mr. Speaker, this is a most improper question on orders of the day. When government policy is formulated it will be announced. I do not accept the implications of the question.

FINANCE

INQUIRY AS TO REPORT OF COMMISSION ON TAXATION

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Prime Minister. I wonder whether the Prime Minister has any word for the House as to the expected date of the report of the Royal Commission on Taxation, particularly in view of the fact that we can expect the Budget shortly after Easter?

Hon. Walter L. Gordon (Minister of Finance): I am not able to be specific on this, Mr. Speaker. I am hoping that the report will be ready some time this summer.

PROVINCIAL OWNERSHIP OF SHARES IN CHARTERED BANKS

On the orders of the day:

[Translation]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like to ask the Minister of Finance a question.

Can he tell us if the provinces were prohibited from acquiring shares in chartered banks as a result of protests from the present chartered banks against the Bank of British Columbia?

Can the minister tell us if some provinces protested against the federal government prohibiting the provinces from acquiring shares in chartered banks?

[Text]

• (11:10 a.m.)

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, this is a long and complicated subject. I am hoping that legislation to revise the Bank Act will be introduced very early in this session and that there will be an opportunity to examine and discuss this particular matter in detail to the full satisfaction of my hon. friend.

[Translation]

Mr. Grégoire: Mr. Speaker, I would like to put a supplementary question to the Minister of Finance.

Can he tell us how many provinces protested against this decision of the federal Department of Finance?

[Text]

Mr. Gordon: The correspondence I have had with one province has been tabled, and to my knowledge that is the only correspondence we have received.

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, I have a supplementary question. I should like to ask the Minister, in view of his statement that this is a long and complicated subject, whether he has given any consideration to the introduction of an interim bill which would extend the charters of chartered banks for another year.

Mr. Gordon: Mr. Speaker, I think if we are able to proceed with the revision of the Bank Act soon that will not be necessary. If, on the other hand, it appeared that it would take longer than one might hope to deal with that legislation, then of course it would be necessary to ask the house to approve a bill extending the bank charters for another year or for some other period of time. I am sure all hon. members will agree that we do not want the banking system in the country to come to a stop.

EXTERNAL AFFAIRS

SPEECH BY U.S. PRESIDENT RESPECTING SOUTHEAST ASIA

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wish to direct a question to the Secretary of State for

External Affairs asking him when he, as the responsible Minister, first became aware of the plan that was placed before the people of the United States and Canada last evening by President Johnson. Was the information that a so-called Marshall plan was going to be enunciated by the President in the possession of the Government of Canada last Friday or prior to last Friday?

Hon. Paul Martin (Secretary of State for External Affairs): No, Mr. Speaker, that information was not before the Government last Friday.

Mr. Diefenbaker: Mr. Speaker, when did the Government of Canada first become aware that the President was going to announce this policy, and, since it became aware of it, has there been any discussion between the Canadian and United States governments as to Canada sharing in it?

Mr. Martin (Essex East): Mr. Speaker, we were made aware of this shortly before the speech was delivered. I did not actually see the text of the speech, but I knew one was available and I had been advised of its contents.

Mr. Diefenbaker: Mr. Speaker, when was it that the Minister was advised?

Mr. Martin (Essex East): I was advised at some time between six and eight o'clock; I would say around seven o'clock.

Mr. Diefenbaker: Mr. Speaker, does the Minister subscribe to the suggestion that the plan announced by the President of the United States in respect of this aid scheme for the Far East is a product of the mind of the Prime Minister of Canada, as suggested by the C.B.C. last night?

Mr. Martin (Essex East): Mr. Speaker, in respect of a matter of this importance I am not going to indulge in idle comment. I think my right hon. friend and the House generally will agree that the discussion which the Prime Minister had with the President last Saturday was a useful one. I believe that the President's speech last night took into account important suggestions that had been made to him from many quarters, and it is clear from some of the proposals that the conversation of the Prime Minister of Canada with the President was indeed a very useful and fortunate one at that particular moment.

• (11:20 a.m.)

While I am on my feet I should like to say that the Canadian government welcomes President Johnson's proposal for a greatly expanded co-operative effort for economic development in Southeast Asia to be initiated under the United Nations. Some weeks ago there was mention made of a development scheme for the Mekong. Because of Canada's initial interest in this program we have been thinking along much the same lines as the President and are prepared to play our full part in contributing to the success of this plan.

It will be recalled that on Friday night the Prime Minister, speaking at Temple University, made specific suggestions for such an expanded co-operative effort. The Canadian government stands ready to designate a special representative to join with the Secretary General of the United Nations and representatives of other industrialized countries to help in the preparation of the plan and in mobilizing the necessary additional resources. I am happy to note that the President is establishing a special United States team to be headed by Mr. Eugene Black, the distinguished former President of the World Bank. The government shares the hope that all other industrialized countries, including the Soviet Union and, I might add, eventually China, will contribute to this common endeavour and that, as soon as peaceful co-operation is possible, North Viet Nam could take its place in the co-operative effort.

Canada is particularly fitted to play a role because of our long association with many of the countries of Southeast Asia, our participation in co-operative peace and development efforts in the area. Because of the character of the Indochina countries our bicultural heritage will be of considerable advantage. I should like to say that we have asked our Ambassador at the United Nations to come to Ottawa—he came last night—to discuss with us certain proposals that we will make to the Secretary General in connection with the proposal made by the President with regard to this scheme for co-operative development in Southeast Asia.

Mr. Diefenbaker: Mr. Speaker, with reference to my question I would point out that the Mekong development was agreed to and undertaken while we were in office, so naturally we support any effort of that kind in Southeast Asia. I would ask the minister this question. Were the views that were expressed by the Prime Minister in his speech at Temple University known to the President of the United States before they were delivered? I ask that because of the apparent annoyance of the President over the conduct

of the Prime Minister as revealed in the American press although, of course, the Canadian Broadcasting Corporation has brought into play its whole massive propaganda machine, both visual and verbal, to justify what took place.

Mr. Martin (Essex East): Mr. Speaker, the text of the Prime Minister's speech had not been given to the President beforehand, but I hope I may say we all agree that the suggestions made by the Prime Minister with regard to a situation of great importance not only to our two countries but to the peace of the whole world incorporated ideas that will be and have been weighed very carefully by the government of the United States and I hope by other governments concerned.

Mr. Diefenbaker: The British government had the same view a week ago.

Mr. Churchill: Was the Prime Minister reprimanded by the President?

Mr. Andrew Brewin (Greenwood): Mr. Speaker, in putting a supplementary question to the Secretary of State for External Affairs perhaps I might be pardoned for saying that we welcome the statement of Canada's willingness to take part in this commitment in Southeast Asia. I should like to ask the Secretary of State for External Affairs if the Canadian government is planning to follow up another aspect of the President's speech in which he said that the United States was ready for unconditional discussions leading to a final settlement. I was wondering if Canada proposed to take any specific steps with regard to this aspect of the President's speech.

Mr. Martin (Essex East): Mr. Speaker, the Canadian Government is available for discussions at any time. Indeed, we have discussions with the United States in one form or another almost daily. What is now required is that the other side should be prepared to enter into discussions. There was a notable statement in the President's speech when he said that the United States was prepared to enter into discussions without any preconditions.

I am now in a position to say, having sought clarification of that speech, that a cease fire would not be a condition precedent to the initiation of discussions which, as the President said, were being offered unconditionally. On the other hand, the President said any settlement would have to meet certain requirements involving the independence of South Viet Nam. In other words there do seem to be conditions for a settlement, but not for the beginning of discussions.

[Mr. Diefenbaker.]

Mr. Brewin: Does this position of the President apparently represent a change of view, that is the reference to unconditional peace negotiations? Can the Minister tell us if this, in turn, reflects an apparent change of view by the authorities in Hanoi?

Mr. Martin (Essex East): Well, Mr. Speaker, I cannot comment on policy in the United States. My hon. friend asks if this represents a change of policy, but I cannot be expected to comment on that. Likewise I cannot say what the policy of Hanoi is unless it is given clearly, and it has not been given. With regard to pre-conditions, when we were presented with the Belgrade appeal of the 17 nations, I said, on behalf of the Government, there was much in that appeal we could support. One element was the absence of pre-conditions with regard to the holding of peace talks.

Mr. H. W. Herridge (Kootenay West): I should like to ask a supplementary question of the Prime Minister following up the remarks of the Secretary of State for External Affairs. Did the Prime Minister receive a delegation of five Canadian university professors yesterday, who presented a letter signed by 313 Canadian university professors of all political persuasions which urged Canada as a Sovereign nation to seek an end to the war in Viet Nam by calling for immediate negotiations to be undertaken without pre-conditions? Would the Prime Minister inform the House of his response to this propulsive appeal?

Right Hon. L. B. Pearson (Prime Minister): I did receive these professors informally, and received from them the statement to which my hon. friend has referred on behalf of those signatories to that statement. I informed the deputation I shared the concern which they had expressed about the situation in Viet Nam. I shared also their desire, as I am sure all hon. members do, that negotiations for a peaceful and honourable settlement should begin immediately if possible. I did not, I must add, see eye to eye with them in their entire assessment of the responsibilities and reasons for the present situation.

Mr. W. B. Nesbitt (Oxford): I should like to direct a supplementary question to the Secretary of State for External Affairs. In view of all these very promising plans we heard from the President of the United States, and which receive general support in this House, can the Minister now tell us, since all these plans are predicated on the existence of the United Nations, if we can take it

from the announcement of the President of the United States that the impassé in the United Nations is likely to be broken in the near future; and can the Minister tell us how negotiations are getting along in connection with the opening of the new Assembly in respect of a vote taking place?

Mr. Martin (Essex East): I fail to see any relationship between the facts stated and the suggestion of the President, supported by the Canadian Prime Minister, that the Secretary General of the United Nations should use his good offices to further the development of this co-operative economic aid program under the auspices of the United Nations. This plan has nothing to do with the deadlock in the United Nations. The Secretary General is to give consideration now, in the absence of a meeting of the General Assembly, to whether he will take this proposal to the Security Council for authority to act. This is one of the reasons I have asked Mr. Tremblay, our Ambassador to the United Nations, to come to Ottawa in order that we can discuss our ideas as to what course the Secretary General might wish to take.

• (11:30 a.m.)

Mr. Nesbitt: The Secretary of State for External Affairs said this plan had nothing to do with the United Nations—

Mr. Martin (Essex East): Oh, no.

Mr. Nesbitt: Does he not agree that it would be extraordinarily difficult to carry out such a plan on a long range basis unless the present difficulties are settled in the General Assembly? Again I ask whether any progress has been made toward a settlement of this serious problem by the General Assembly.

Mr. Martin (Essex East): I am sure the hon. Member, who is a supporter of the United Nations, would not wish to give a wrong impression. I did not say this question had nothing to do with the United Nations. This plan will, we hope, be put forward through the United Nations. With regard to the last part of the question, the committee of 33 nations has been meeting to seek ways and means of resolving, if possible, the financial dilemma. Beyond that I cannot report any progress.

Mr. Donald MacInnis (Cape Breton South): A supplementary question to the Prime Minister. I wonder if he could tell us how many attempts were made before President Johnson finally agreed to meet with the Prime Minister.

[*Later:*]

Mr. Diefenbaker: Mr. Speaker, I want to ask a question to which the answer will be as simple as the "No" to a previous question. I ask the Prime Minister whether at the time he made his speech on Friday last in Philadelphia he had any knowledge that the United States had in mind a massive aid plan for Southeast Asia or that they were working on such a plan.

Mr. Pearson: No, Mr. Speaker, I had no knowledge of any massive aid plan being worked on by the United States at that time. The President had, I think a week before in a speech on Viet Nam generally, made a reference to the desirability of economic and social development in that area. I had also made a reference to that a month ago in New York.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That is not what the New York *Herald-Tribune* said.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): This is a supplementary question, Mr. Speaker, either to the Prime Minister or the Secretary of State for External Affairs, with regard to the announced proposals for extensive economic aid to Southeast Asia. In announcing its willingness to participate in this program, has the Canadian Government given any indication as to the amount of money it would be prepared to put into this effort?

Mr. Pearson: Mr. Speaker, the amount that would be appropriate for Canada to contribute would depend, of course, on the extent and the cost of the total program. Canada has already been contributing to this project through the Government of my right hon. friend, when in office, and since then through this Government. If this program is extended, as we hope it will be, we will have to increase our contribution to it.

PUBLIC WORKS

GOVERNMENT POLICY RESPECTING AWARD OF CONTRACTS

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): My question is for the Prime Minister. Has there been any change in government policy with regard to the award of contracts to low bidders?

Inquiries of the Ministry

Right Hon. L. B. Pearson (Prime Minister): No, subject to the qualifications and exceptions which have been traditional over the years and which have been followed by previous governments.

Mr. Aiken: Has any directive gone out from the Prime Minister's office setting out a code of ethics to be followed in awarding contracts? I would appreciate an answer. Could the Prime Minister tell us whether there has been such a directive?

Mr. Pearson: These are Treasury Board matters and, as the hon. Member knows, they are dealt with in Treasury Board in the customary way.

TRADE

PROPOSED U.S. EMBARGO ON SHIPMENTS OF CANADIAN CATTLE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): I wish to address a question to the Minister of Agriculture or to the Minister of Trade and Commerce. Is either of those two gentlemen aware that the American National Cattlemen's Association has asked the United States government for an immediate embargo on the import of all Canadian cattle into the United States? If so, is the Canadian Government taking appropriate steps to protect our beef producers?

Hon. Mitchell Sharp (Minister of Trade and Commerce): No, I was not aware of this information. Now that it has been given I will take the matter under consideration.

NATIONAL DEFENCE

POINT EDWARD NAVAL BASE—CONTINUATION OF RESPONSIBILITY OF DEPARTMENT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): May I ask the Associate Minister of National Defence whether he is yet in a position to reply to the questions I addressed to him on April 2 and previously.

Hon. Léo Cadieux (Associate Minister of National Defence): I have not yet gathered all the pertinent information on this subject. As soon as I have done so I will be glad to answer the hon. Member.

INQUIRY AS TO RECONSTITUTION OF HOUSE COMMITTEE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I should like to direct a question to the Minister of National Defence. Will the Minister press for the early reappointment of the Special House of Commons Committee on Defence, bearing in mind that certain studies were not completed during the Committee's two previous meetings? I think this is an important question, because certain information has reached me in the last two days that unnecessary and stupid expenditures are being made by the hon. gentleman's Department contrary to his declaration that efficiency and economy would be insisted upon.

Hon. Paul Hellyer (Minister of National Defence): I have already indicated that it is the intention of the Government to establish a Committee on Defence this session. I understand that the actual nature of such a Committee, whether it is to be a Special Committee or whether it is to be set up under the new standing orders to be put into effect for the session, is still under consideration. I am unable to give the hon. member a more definite answer until discussions have taken place in this connection.

Mr. Winch: May I ask the Prime Minister what position the Government is taking as a matter of policy? Are we to proceed to the appointment of Committees in accordance with standing orders or will there be a delay until a Government proposal is introduced in the light of the representations made by the Special Committee last Session?

Right Hon. L. B. Pearson (Prime Minister): No, there will not be any need for such a delay. I think the Committees will be set up very shortly.

HOUSE OF COMMONS

CONSIDERATION OF COMMITTEE REPORT ON REPRODUCTION OF "HANSARD" INDEX

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to address a question to the President of the Privy Council in his capacity as Leader of the House. Is it the intention of the Government to take the initiative and introduce a notice of motion to consider at this Session—I understand this is the correct procedural way of doing it—a report made during the previous session of this Parliament, namely the report of the Committee on Privileges and Elections relating to the reproduction of the front page of the *Hansard* Index by the Political Action Committee of the Hamilton Area Council of the Steelworkers Union?

Hon. G. J. McIlraith (President of the Privy Council): That matter has not received consideration, but I will be very glad to take the question as notice.

LETTER RESPECTING ALLEGED FRAUDULENT VOTING IN B.C.

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Transport a question, not in his capacity as Minister of Transport but relating to electoral matters and particularly the responsibility he had in 1964. This question relates to the case of electoral voting irregularities in British Columbia, brought to the attention of the public by Moreland Brown. I would ask the Minister whether last year—and I am speaking specifically of the spring—Mr. Castonguay or anyone else brought to his attention the fact that Mr. Moreland Brown had sent him a letter complaining about certain voting irregularities, and whether the Minister is aware of the contents of that letter.

• (11:40 a.m.)

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I ceased to be the Secretary of State for Canada on February 3 of last year. Any time after that date it would not have been appropriate for this matter to be brought to my attention. To the best of my knowledge and recollection, speaking without looking at any files, it was not, but I cannot be absolutely sure; I do not know.

Mr. Fisher: I am not satisfied with the answer, and I should like to debate it tonight at the adjournment.

Mr. Pickersgill: In that case, Mr. Speaker, I wonder whether the question could be directed to the appropriate minister.

NATIONAL PARKS

NEW BRUNSWICK—INQUIRY AS TO SECOND PARK

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): I have a question for the Minister of Northern Affairs and National Resources. Having in mind the provision of a second National Park in Nova Scotia, may I ask the Minister if discussions have taken place recently with New Brunswick about a second National Park in that Province and/or an extension to the existing National Park there?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I did not follow the last part of the hon. Member's question. Was he asking about another area?

Mr. Bell: I am asking whether any discussions have taken place regarding a second National Park in New Brunswick and/or an extension to the existing park.

Mr. Laing: No, Mr. Speaker.

Mr. Bell: May I ask the minister whether the same favourable consideration will be given to a proposal from New Brunswick, bearing in mind the fact that New Brunswick is lagging seriously behind Nova Scotia in the expenditures of his Department?

Mr. Laing: I would say that every consideration would be given to an application from the Province of New Brunswick or, indeed, from any other Province regarding the establishment of an additional National Park. Our thinking is that Canada in its entirety requires more National Parks.

Mr. Bell: In other words the initiative lies wholly within the particular Province concerned?

Mr. Laing: Usually we work with the Provinces following discussions which arise between our parks people and their counterparts in the Provinces.

ADMINISTRATION OF JUSTICE

REQUEST FOR STATEMENT ON MATTER BEFORE QUEBEC COURT

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I wish to ask the Prime Minister a question arising from the concern which members of the House feel, I think, because of the news stories respecting the evidence coming out in court in relation to the Autair contract, particularly as it may reflect on one of his ministers and the High Commissioner in London. Can the Prime Minister give us any indication as to what the Government may plan in order to give the public a statement or some clarification on this matter, aside from what may be involved in the courts?

Right Hon. L. B. Pearson (Prime Minister): I think it is highly desirable to make a statement on this matter and we propose to do this, but only after the court has made a decision.

• (11:50 a.m.)

Mr. Fisher: Mr. Speaker, I wonder if I might ask the Prime Minister a supplementary question. Would he take into consideration the fact that when certain evidence

came before the Dorion inquiry he did not hesitate, or his Minister of Justice did not hesitate, to make a clarifying statement?

Mr. Speaker: Order, please. Surely the hon. Member does not wish to go on a fishing expedition.

Some hon. Members: Oh, oh.

Mr. Lambert: What a statement to make.

INQUIRY AS TO COMMITTEE ON CORRECTIONAL POLICY

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I wish to direct a question to the Minister of Justice and ask him whether the Special Committee to study and make recommendations on a comprehensive policy in the field of correction, mentioned in the Speech from the Throne, refers to the Parliamentary Committee which he announced last session or to a committee of experts, or both; and if to both, will he tell us when they are likely to be set up?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I propose to deal with that in my speech tomorrow.

TRANSPORT

APPLICATION BY RUSSIAN SHIP TO USE ST. LAWRENCE SEAWAY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question either to the Secretary of State for External Affairs or the Minister of Transport. It is good to have the attention of both of them. Has an application recently been made by a Montreal firm, on behalf of a Russian ship, for permission to come into the interior of Canada through the St. Lawrence Seaway?

An hon. Member: Order paper.

Mr. Knowles: Mr. Speaker, if so, I believe it is the first time such an application has been made; and in view of considerations in relation to Canadian-Soviet trade, can the Minister tell us whether the application is being granted?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I have been advised since I came into the House that such an application has been made and is under consideration. It may be that I can give some definite information tomorrow in response to the question.

[Mr. Fisher.]

EDUCATION

INQUIRY AS TO FEDERAL SCHOLARSHIP PLAN

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, the urgency of this question is based on many representations made to me by the young people of this country. It is directed to the Minister of Finance. Although not mentioned in the Throne Speech, will the Federal Government soon be announcing the federal scheme for university scholarships, as promised many times in the last election campaign?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, my hon. friend knows that Government policy is announced at the appropriate time, in the appropriate way.

Mr. Grafftey: A supplementary question, Mr. Speaker. These young people would like to know if it is the intention of the Government to live up to this election promise, yes or no?

Mr. Diefenbaker: The answer is no.

INDUSTRY

ASSISTANCE TO WORKERS AND INDUSTRIES AFFECTED BY AUTOMOBILE AGREEMENT

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I had a question for the Minister of Industry, but in his absence perhaps I could direct it to the Minister of Labour. In view of the action of President Johnson in submitting to the United States Congress a Canadian-U.S. auto trade agreement containing a broad plan of financial assistance to U.S. companies and workers adversely affected by the plan, and in view of the striking contrast this represents to the Canadian situation where no such assistance is available, can the Minister assure the House that the Government is prepared to amend the Canadian agreement so it is at least comparable to the advantages offered by the U.S. legislation?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I do not accept, of course, the argument that my hon. friend introduced into his question, alleging a contrast between the availability of assistance to Canadian workers from displacement factors. We are at present engaging in discussions with the union. Tomorrow we shall have a meeting with the company presidents to discuss what appropriate adjustment measures may be required as a result of this particular arrangement.

Mr. A. D. Hales (Wellington South): A supplementary question to the Minister of Labour, Mr. Speaker. What steps does the Minister propose to take to find employment for those Canadians who will be put out of work by the transfer of the purchasing and accounting departments of auto manufacturers in Canada to the head offices in the United States?

Mr. MacEachen: Mr. Speaker, any problems of adjustment that may arise will be in a context of expanding employment in this particular industry arising from this agreement. Whatever adjustment problems may occur will, we trust, be worked out by arrangements in the first place between the companies and the unions with appropriate government consultation and, where necessary, assistance.

Mr. Scott: A supplementary question, Mr. Speaker. Can we take it from what the Minister has said that where dislocations take place as a result of the agreement, the Government is prepared to make available sufficient financing so the income of the dislocated workers will be maintained while they are being retrained and relocated?

Mr. Bell: They are socialistic enough.

Mr. W. B. Nesbitt (Oxford): I have a supplementary question, Mr. Speaker, and perhaps I should direct it to the Minister of Finance rather than the Minister of Labour. In view of the fact that it is admitted that there will be dislocations in the automobile parts industry because of this treaty, are any arrangements under consideration by the Government to assist the owners of plants who will now find themselves without any orders as a result of the agreement?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I think we are getting this problem of readjustment out of perspective. In the first place, as a result of this agreement there will be $250 million worth of more work in Canada every year by the end of the next three years.

Some hon. Members: Hear, hear.

Mr. Gordon: Obviously that will provide more jobs than there have been in this particular industry. It will also provide very great opportunities for the businessmen in this industry to readjust their operations and take advantage of a very large and increasing market. I think if this is appreciated we will all be able to see the picture in a little better perspective.

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question to the Minister of Finance. Since the automobile companies are getting a rebate of $50 million a year, will they or the Government contribute anything toward the cost of retooling the plants which this rationalization of the automobile industry will make necessary?

Mr. Gordon: Mr. Speaker, I do not think we can pursue this kind of detailed question effectively on the orders of the day.

Some hon. Members: Oh, oh.

Mr. Gordon: It has been announced that there will be an opportunity to debate this agreement—

Mr. Douglas: When?

Mr. Gordon: —which, I must say, is one of the great achievements of the last year.

Mr. Diefenbaker: What about the first budget that the hon. gentleman introduced? That was supposed to be a great achievement too.

Mr. Fred F. Stenson (Peterborough): Mr. Speaker, I have a supplementary question for the Minister of Finance. Are they going to be Canadian-owned companies that will increase this employment?

Mr. Gordon: Some of them, I hope, Sir.

Mr. Speaker: Order, please. It does seem to me that we have discussed this matter at quite some length.

• (12:00 p.m.)

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed, from Wednesday, April 7, consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Diefenbaker.

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, as we were reminded by the reading of the speech from the throne, we are now beginning a new session. May I offer my congratulations to the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the speech from the throne for having highlighted, according to the views of their party, the main points

that will come up for discussion during this new period in the life of the twenty sixth parliament.

The proposals brought before us by the government are far-reaching and we may well wonder whether it is realistic to imagine that we could go through such of heavy program during the next few months, especially when the government is in a minority position.

Mr. Speaker, I should like to make a few comments on this twenty sixth parliament which, while it did not give us a majority government, has just the same provided a stable administration. In the first place, let us not forget that the present representation in the House of Commons obviously reflects the state of mind of Canadians from coast to coast. The democratic system allowing for a free vote, it seems that the Canadian electors did not see enough outstanding qualities in any party to give them an absolute majority. And I think that such a situation will continue for several years to come.

Governments will have to get used to such a way of life. Like a person suffering from diabetes or from a heart condition who has to make the best of his illness, our government will have to recognize that the days of all-powerful administrations are definitely past. However, we must admit that in spite of defects and infirmities, the life expectancy is not necessarily shorter, quite the contrary. But that is a far cry from saying that no cooperation is necessary.

Many take pleasure in saying that others—not them indeed—have tarnished the image of the House of Commons. Newspapermen from coast to coast have been saying that parliament is on the downgrade. Despite all the reservations I often make in regard to newspapermen, I must nevertheless admit that it is here indeed that they form an opinion about parliament, and not outside the house. When they charge the opposition with filibustering, it is certainly because idle discussions go on and on, that we mark time and that no new ideas are brought forward. Even if a party blames another for doing everything to achieve its purpose, it will become as guilty when it also resorts to such tactics.

And, Mr. Speaker, this brings me to discuss the conception that certain politicians have of public as well as personal morality. It seems that the basic principles of natural law are more and more ignored. Instead of being guided by those principles, those politicians readily come to take an everybody-is-doing-it attitude. While yesterday fraud and theft were considered as sins against natural law, the trend today is to greater tolerance because many people commit such wrongdoings. In the past, people used to say adulterers, but today they say "common law spouse"; formerly, respect for justice was the order of the day, but today freedom not to abide by it is claimed. And I could go on.

How is it that individuals attempt to exert pressures on public men for the sole purpose of lining their own pockets? Is it conceivable that alleged guilty persons would try to buy their innocence? Why is it that many persons are under the impression that politicians can tamper with the administration of justice? Are there any reasons why one should think that there is one law for the rich and another for the poor? Is it because some individuals have uncovered some secret dealings and want to be treated like certain privileged persons?

Why is the member of parliament consulted as if he were a lawyer and why is he expected to espouse the cause of his so-called client? Apparently some people thought the climate was favourable to such dealings and resolved to try to benefit therefrom, no wonder that there are so many partisans and parasites around. Is it any wonder then that the underworld, seeking protection against the administration of justice, the law and the authorities, joins hands with political hangers-on—particularly those who gravitate around the party in office—hoping to influence them.

Public administration is usually considered as the art of governing and the latter as the art of making things come true. His Worship Mayor Jean Drapeau, of Montreal, even said that it was the art of bringing into being the things that are necessary. That is all very well. But from a partisan point of view, politics can be quite a different proposition. And I fully agree with this statement I have heard: Politics is the art of getting into office and remaining there. The large number of parties we now have and the powerful opposition will have at least served to bring the government to pay more attention to its role as administrator and forget about partisanship.

However, the speech from the throne shows the eagerness of the Liberal party to cater to the electorate. They bow to the pressures exerted, they yield to the demands of intermediate groups. They no longer care whether the principles of Christian democracy are safeguarded; they no longer seek the objective criteria which should continue to guide

our actions. No, they try to compromise on a middle-of-the-road policy—which is not always the right one—between the age-long interests of financiers and swindlers, while endeavouring to soothe the people with phoney presents.

As a former Liberal prime minister said, "Not necessarily conscription but conscription if necessary", today they say "Not necessarily socialism but socialism if necessary". I do not imply by this that social measures are not useful. On the contrary, our party has been advocating this imperative necessity for more than 30 years. What we fear is the increasingly larger place our governments are taking in the life of the individuals. We believe in maintaining the freedom of individuals and businesses, not the freedom of gangsters, outlaws, monopolizers, trusts, tyrants or dishonest people. Unfortunately, when persons speak along these lines, they are readily called reactionaries. Attempts are made to picture them as people who oppose progress and experiments.

Nothing is farther from the truth or more malicious. But I believe that it is the part of wisdom to warn against making any change in our system without scrutinizing it beforehand. Otherwise, we might become unable to back out of such changes without difficulty. When we see how painfully the government makes a show of letting the provinces opt out of joint programs, especially on account of the huge organization of civil servants necessitated by centralization, we immediately realize how it is almost impossible to reverse the trend in the social field, even if we are conscious of being in a false position. Let us remember that the former labour prime minister of Great Britain, Lord Attlee, said in February 1947 that there was a basic difference between totalitarian planning and suggestive economic planning. Like everyone else, he did not dare go forward blindly into dictatorial state control. Well, less than six months after that statement, the Labour government had to recommend labour conscription.

In saying that, I do not accuse all socialists of deliberately trying to set up a totalitarian regime; however, I should like to point out that socialist planning bears within itself a germ which will lead to serious but inevitable consequences.

The government has stated that it will consider the establishment of health services for Canadian citizens. Does it mean that our compatriots are unable to look after their own health needs? No, Mr. Speaker, it simply means that they do not have the financial means to do so. Would it be that no mutual insurance company has specialized in that field? Here again, it is a question of lack of means. The structures are there but the Canadian people cannot take advantage thereof.

The way hospital insurance is being administered at present gives an idea of the iniquitous rules which health insurance would impose upon both the professionals and the public.

The proponents of socialism claim that private enterprise has been subjected to the whims and fantasies of a few irresponsible people. According to them, planning is essential to general welfare. To achieve such a high standard of perfection in the establishment of various health services, private enterprise must have undertaken intensive planning and multiply consultations with the various bodies concerned.

It must not be forgotten that the general interest of a people, the common good, cannot be measured on a scale. It is imperative that the common needs and interest be examined at various levels by the proper agencies of intermediate organizations where each need of each human person must be placed in its own context. Totalitarian and executory state planning seems therefore inconsistent with the adequate working of true democracy.

It should also be noted that an undue state control really affects the people in the end. It is most important to bring about a psychological change, to alter the character of the population. This is done gradually and brings forth new attitudes toward authority. When complete planning has firmly taken hold of each member of the community it moulds them at will, albeit with the best intention in the world. It catches society as a whole in a huge net of minute complicated and standard rules which practically prevent the people from acting intelligently.

After sincerely claiming to be the people's protector, one eventually becomes a tyrant. Will-power is not destroyed or crushed, but it is softened, moulded and controlled. It cannot be said that man is forced to act, but he is constantly prevented from acting and reacting. Such a power of the state does not suppress life, but it prevents it. It does not really tyrannize, but it compresses, emasculates, stifles, stupefies a people, until the nation becomes a herd of scared pack-animals. We can stop wondering why so few voices are

raised behind the iron curtain. Those people have reached a state of bestial submission that makes them behave like trained animals without the power to protest.

Mr. Côté (Chicoutimi): Exactly.

Mr. Marcoux: Perhaps some will say that I should not take things so tragically, but I suggest it is normal, fitting and wise to stop and think, review the situation and contemplate what any change in our way of life could bring us in the long run. Since the Soviet Union has reached the summit of communism, that is the socialist state, it is perfectly natural to study the conditions that exist in countries behind the iron curtain. I feel it is foolish not to consider all avenues while pretending to wish to take people out of their misery and poverty.

And let us not forget that totalitarianism can come by different ways, even if it all amounts to the same results. It is of no importance to me whether we have a nazi, fascist or communist dictatorship. I do not want any of them. Regimes such as Japan, Italy and Germany used to have are of no more appeal to me than those found today in Russia, East Germany, Cuba and elsewhere. In my opinion, they all end up by creating a great big herd of slaves. And it can only be a good thing to try and find the reasons why state interventions will produce results that perhaps one did not seek.

What is wrong, is the well organized, arranged, and indeed, extremely well planned movement to allow our economic life to be controlled by the state which would eventually and inevitably become the main owner of production means. This is true socialism.

I do not mean to imply that our present system is perfect. On the contrary, and for over 30 years, our party has been thundering against the abuses of capitalism, objecting against its materialism. As a matter of fact, I consider our present system as an economic dictatorship, as hateful as any other. It surely does not reflect much credit on our system that segregation and discrimination could still exist in America and that poverty is still rampant.

But we must at all costs guard against the danger of being so impatient to obtain quick results as to select means, as useful as they might be in the near or distant future, which are inconsistent with the preservation of a truly free society.

Before concluding, Mr. Speaker, I should like to deal with a point that has been systematically overlooked since 1958: family allowances. At that time, before the election, as it happened, during the consideration of the 1957-58 supplementary estimates, a provision was included as a clause in the supply bill, so as to increase by $1 the allowances paid at the time. What an improvement.

When they were established under chapter 40, 1944-45, so-called responsible people jeered at large families and even made so bold as to suggest that such allowances would encourage the bestiality of parents. As if those allowances would be enough to support a child, even a baby. Well, Mr. Speaker, it seems that many people still hold this view, because no one can bring the government to comply with the rightful demands of the fathers and mothers of large or small families.

And here is why we ask that the Bank of Canada be used to increase those allowances. Allow me to repeat some points of law since some hon. members seem unconvinced still. If you refer to the Bank of Canada Act, chapter 43, 1934, you will find that it is not granted any power to issue bank credit. But section 21 gives it the exclusive right to issue bank notes which constitute legal tender. Section 24 stipulated that chartered banks had to maintain a reserve but it was abrogated by section 11 of the act amending the Bank of Canada Act, chapter 33, 1954. Therefore, it is necessary to refer to the Bank Act, chapter 48, 1954, to find out what liquidities the chartered banks have to maintain, that is what amounts in bank notes of the Bank of Canada, in addition to the money deposited with the Bank of Canada, chartered banks must keep on hand to create a $100 credit. Under section 71 of the Bank Act, that cash reserve must not be lower than $8, which means that each $100 loan granted by a chartered bank must be covered by $8 in cash. That provision means, therefore, that under the act chartered banks are authorized to loan 12½ times more money than they have on hand.

I ask this question. Why should not the Bank of Canada be authorized also to loan to the Canadian government 12½ times the amount of the deposits it has on hand? It is not a matter of preventing chartered banks from helping the small people as well as the big companies; it is only a matter of applying to the Bank of Canada those principles which are good for the chartered banks. It would encourage the general development of our country instead of benefiting only a small group of privileged

people. To solve in this way social problems, Mr. Speaker, that is not socialism but simply the application to the common good of a system that has always well served particular interests.

So as to show you that this is really a fault of capitalism in general, may I quote from a pamphlet entitled "Money Facts" and published on September 21, 1964 by the United States government for the committee on banking and money of the House of Representatives.

• (12:10 p.m.)

[*Text*]

On page 1 we find question No. 3:

Why is the money-creating power important?

This is the answer:

Because, by creating money, banks provide the exchange media which the economy needs to prosper and grow. Since the growth and proper functioning of the U.S. economy require increasing amounts of money over the years, those who control the amount of money exercise great power over business activity, the incomes people earn, and our economic strength.

Page 2, question No. 7:

What problems are raised by an "independent" Federal Reserve?

The answer is:

There are two major problems. One is the problem of political responsibility for the country's economic policies. The other is the problem of final control over the government's actions in the economic sphere.

Page 5, question No. 22:

What is money?

The answer is:

Money is anything that people will accept in exchange for goods or services, in the belief that they may, in turn, exchange it, now or later, for other goods or services. Any number of different materials—including paper i.o.u.'s—may serve as money. How money functions, and what money represents are its important aspects and not simply what it is made of.

Page 12, question No. 69:

If the government can issue bonds, why can't it issue money and save the interest?

This is the answer:

A few clear headed and firm individuals, such as Abraham Lincoln, have insisted that the government should. The late Thomas A. Edison stated the matter this way:

"If our nation can issue a dollar bond it can issue a dollar bill. The element that makes the bond good makes the bill good also. It is absurd to say that our country can issue $30 million in bonds and not $30 million in currency. Both are promises to pay: but one promise fattens the usurer and the other helps the people."

However, it has long been one of the political facts of life that private banks must be allowed to create the lion's share of the money, even if not all of the money. Thus there is little opposition to the government's printing bonds and then permitting the banks to create the money with which to buy those bonds; but proposals that the government itself create the money instead of the bonds have always set off tremendous political upheavals. For example, Abraham Lincoln set off a political furor when he insisted upon having the government issue $346 million in money, the so-called "greenbacks", instead of issuing interest bearing bonds and paying interest on the money.

Page 29, question 155:

Isn't the suggestion of improving the money system both impudent and a call for needless tinkering with the economy?

This is the answer:

Not at all. The monetary system of today, improved as it has been over the past 200 or so years, is still man made. There is no reason to conclude that the system is perfect. The process of improving the money system is not complete any more than is the process of improving our national life generally.

Further, in every period of our history, people, especially bankers, have resisted any change in our money system with the cry, "leave well enough alone." Then some disaster would strike and the monetary system would be changed in panic and haste. The system always looks solid or at least adequate until the moment it becomes inadequate. The fact that the system is now functioning more or less satisfactorily is no reason to shun inspection. Economic health and progress is the result of continual care and attention.

Finally, Mr. Speaker, I should like to read question No. 157:

In practical terms, what is meant by Federal Reserve "independence"?

This is the answer:

There are two sides to independence—one is economic, the other political. On the economic side, independence means that the Federal Reserve formulates and executes economic policy, using its monetary controls, without any necessary reference or co-ordination with the policies being followed by the other branches of the government. This, of course, invites clashes between the Federal Reserve and other parts of the government.

[*Translation*]

Mr. Speaker, following these extremely brilliant explanations, I cannot but recommend to all the hon. members of the house the reading of this remarkable document issued by the U.S.A. government and which bears publication No. 37-240.

The disclosures contained in that document allow me to go on wondering how the masterminds of the high international finance have succeeded so far in maintaining the myth of money scarcity during depressions and of easy credit in the so-called periods of prosperity.

For me, this is insulting human reason and holding in perfect contempt the sovereign power of the people in a democracy.

In the light of such principles, and as the Liberal party has already taken position in favour of debt-free money, we do censure it for not having increased the family allowances according to the cost of living, and we move the following subamendment.

I move, seconded by the hon. Member for Fraser Valley (Mr. Patterson):

That the amendment moved by the Leader of the Opposition be amended by inserting, after the word "advisers", the following:

"having failed to carry out an economic and financial program such as would have been possible through the facilities of the Bank of Canada; having thereby failed to raise family allowances in keeping with the cost of living and been unsuccessful in establishing a balanced economy and in lightening the burden of the public debt and the interests thereon so as to provide every Canadian with a standard of living consistent with the value of this country's natural resources; not having considered it advisable to invest a huge amount of debt-free social capital through the Bank of Canada, with a view to financing the training of an adequate staff to deal with medical and hospital care, do not enjoy the confidence of this house."

• (12:20 p.m.)

[*Text*]

Mr. Speaker: I have had an opportunity of reviewing the subamendment, and at first glance it does seem to me it enlarges considerably on the amendment. If there is no objection in the House I would propose to put the subamendment.

Mr. Pickersgill: I wonder, so we can understand it thoroughly and if it would not be irregular, perhaps Your Honour could just read the amendment as amended so the House could see just exactly what was before it. It does strike out certain words and substitute others.

Mr. Knowles: In effect it strikes out all of it.

Hon. Marcel Lambert (Edmonton West): May I also point out to Your Honour that it seems to me a subamendment must modify an amendment and not replace it, which is precisely what this does. It has no reference at all to the amendment. I would put it to Your Honour, therefore, that a subamendment must amend an amendment and must be related thereto. The present amendment as proposed is not related to the amendment in any way, and does not modify it. As a matter of fact it merely seeks to replace it. I am subject to correction here, since I have only had a glance at the subamendment, but I would draw to Your Honour's attention the need for a careful study to ascertain whether or not it is in order.

Hon. J. W. Pickersgill (Minister of Transport): I wonder if I could say a word on the point raised by the hon. Member for Edmonton West, whose opinion I always respect. In this particular case the substance of the amendment is the word "regret". It is an expression of regret that the right hon. gentleman seeks to make in his amendment, and it is an expression of regret that the hon. member seeks to make in his subamendment. It does seem to me that to substitute one set of reasons for regret for another would be the kind of subamendment which has been allowed on the Address in order that, in the kind of Parliament we have been having in recent years, every party represented in Parliament could put forward its own point of view and have it voted upon.

I would draw Your Honour's attention to the fact that in practice we do not circumscribe the debate strictly to the subject of the subamendment, but we have always ranged over both amendment and subamendment. From my experience in the House, which is rather more limited than that of other hon. members though it is beginning to grow a little, it does seem to me that the rights of the right hon. gentleman would not be in any way abridged if the House were permitted to vote upon the hon. Member's amendment. I am not suggesting for one minute that I would be prepared to support it, but I feel that so far as we are concerned we would not wish, on a technicality, to have the hon. Member and his party deprived of putting forward their point of view.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I think one has to look at this subamendment in the same way one would look at a subamendment that sought to strike out all the words after the word "that". I think that merely to go a little bit further and strike out the substance does not differentiate it from that kind of subamendment. I believe the practice in recent years at any rate has been to frown upon any amendment to strike out all the words after "that" except in two cases, namely on Supply Motions and on the Budget.

With respect to the point made by the Minister of Transport, which I think he made with some validity, that our aim in the Throne Speech debate is to permit all parties to have

a chance to present their point of view, it should be said that is one of the reasons for the change in the rules which clears the decks by the end of the fourth day. By tomorrow at six o'clock, whatever is before the House will have been voted upon and we will be back on the main motion. Any party that has not had an opportunity of presenting its point of view by means of a subamendment presumably would have an opportunity by way of a main amendment. I believe that is the answer to the point made by the Minister of Transport. Basically, Mr. Speaker, it seems to me that you would have to rule on this subamendment in the same way you would rule on any amendment that proposed to strike out all the words after "that".

Hon. Gordon Churchill (Winnipeg South Centre): I should like to support what the hon. Member for Winnipeg North Centre has said. When we modified the rules to have votes on the second, fourth and sixth days, my recollection of the discussion in the Committee when the proposal was made was that it would preclude having to deal with this type of amendment as a subamendment interposed before the fourth day. This might more properly be raised following the vote on the fourth day of the debate.

Mr. H. A. Olson (Medicine Hat): I should like to say that the wording of this amendment is similar to the practice that has been followed in the past on a number of occasions, as has been so well pointed out by the hon. Member for Winnipeg North Centre. I believe we have to take into consideration also this word "regret". As the Minister of Transport pointed out, this is really the operative word in this amendment. We go on, as he said, to point out a number of reasons why we regret the action taken by Her Excellency's advisers. These reasons, if I may say so, are substantially different from the reasons offered in the amendment.

• (12:30 p.m.)

This still does not change the operative word in the original amendment. I would draw to Your Honour's attention the fact that what is now proposed by the hon. Member for Quebec-Montmorency is on the same lines as other amendments moved in the past. An amendment to the amendment has been moved to strike out all the words after "that", so there is a possibility of a completely new idea being interjected. I do not think this is a departure from our practice; a number of similar cases in the past could be cited.

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to add a few comments with regard to the subamendment moved by the hon. member for Quebec-Montmorency (Mr. Marcoux), following the remarks made by the hon. member for Edmonton West (Mr. Lambert), who had the opportunity to occupy the Chair for the complete duration of a parliament. He will agree with me that, in early February 1963, our party had moved a subamendment which actually struck out almost all the words contained in the amendment moved by the Liberal party at the time and kept only the word "government" at the very beginning.

At that time, after a few moments' hesitation, he had allowed the subamendment and all will remember that this amendment caused the defeat of the Conservative party.

[*Text*]

Mr. Speaker: I wish to thank all hon. Members who have endeavoured to assist the Chair. Their views have been most helpful. At the beginning I was considering the applicability of Beauchesne, citation 202(3), but in view of what has been said in the House today and the procedure followed in the recent past it does seem to me that we can consider the subamendment as being in order.

Mr. D. W. Groos (Victoria, B.C.): I do not wish to take up too much time in commenting directly on the Speech from the Throne, since I have a few other matters to bring to the attention of the House. I should like to stress that to my mind one of the most far reaching features it contains is the indication that the rules of Parliament will be altered to permit the allocation of time on legislation by agreement among the house leaders.

This procedure is already being followed in Westminster, the mother of parliaments, and it is long overdue in this House. The change that is proposed should introduce a measure of efficiency into this House which at the moment I feel is sadly lacking. It will cut down on the number and length of dreary speeches which are the curse of the present arrangements. I think most Hon. Members of the House and all members of the Press Gallery will welcome the change. Too long has the country been forced to accept length of debate as a measure of the sincerity and intensity of investigation into proposed legislation. We in this House know this is at best a very unreliable yardstick.

Surely the change will put new life into Parliamentary debate. I look for not just shorter but sharper comment and wit in this House as a result, and I hope this proposal will be introduced by the Government and agreed to at the earliest possible date.

We hear a lot in this House and elsewhere these days, Mr. Speaker, about what is going on in Quebec. We hear about biculturalism and bilingualism; we hear of French Canadian rights under the British North America Act; we hear of the quiet revolution, and so on. Representatives such as myself from the western part of Canada are fortunate in being close to the action, since we can see probably more clearly than those who are not so close just what is going on. However, our position carries with it the responsibility for interpreting to our constituents what it is we do see. It is our clear and, I think, pleasant duty to report back to them, and on this subject we can in truth say that an old era is passing and with it is going a great deal that should have long since departed.

When the hasty words and wild actions of the fanatics and men of ill will have been rewarded with the public contempt they so fully deserve, and when in the calm atmosphere of tolerance we take a good look at the activities of the genuine Quebecker, we can see very clearly what he is working for. What he is building is surely his share, his rightful share, of something we have all been giving lip service to in word and song for many a long year, a land strong and freed, a land with a future that will be proud and respected.

Few of us can have any argument with this objective, and I know that most Westerners will wish Quebeckers the best of good luck. All Canada will be the stronger when this quiet revolution gets up a really good head of steam. It is a very poor imitation Canadian whose heart does not beat just a little bit faster when he visits la belle Province and its great city of Montreal. He sees for himself what his fellow countrymen are achieving down there these days. What the French Canadians are doing for themselves in the Province of Quebec will unquestionably stimulate lively discussion in the rest of Canada. It already has, and what is wrong with that? I am sure that with imagination and good sense, fortunately present in such abundance on both sides, we will all survive and be the better for it.

I wish now to speak on two other matters to which I regretfully found no reference in the Throne Speech. The first concerns inflation and the second the up-dating of pensions for retired Federal Government civil employees and military personnel.

I venture to say, Mr. Speaker, that no one group in our society is more aware of the dangers and effects of inflation than pensioners. No group is more ill equipped to fight the continuous day to day battles of inflation than retired public servants and their widows. I think it is because of our mild climate in Victoria and our generally civilized outlook on life—if you will forgive me, Mr. Speaker, for referring to it in those terms—that we have living in Victoria a large percentage of retired persons, including large numbers of retired military personnel and civil servants.

• (12:40 p.m.)

I wish to make a special appeal for consideration of their problems. With so many on the front benches who have been employees of the Federal Government themselves at one time or another before entering this House, I cannot help but feel that my plea will not fall on deaf ears. I doubt that anyone would dare claim that Government employees generally, be they civil or military, have been overpaid in the past for the work they have done. The military and the federal civil service have been and still are among our nation's most loyal and trusted servants. They have an international reputation for their ability which is second to none, and it grieves me to see how they fare at the hands of the nation after their retirement. With pensions wedded or welded—call it what you will—to the rates of pay they were receiving at the time of their retirement, there is no—I repeat, no—provision for the implacable, gnawing away effects of inflation, an inflation which the Government is apparently unable to prevent.

This being the case, Mr. Speaker—and I do not argue this point; I am not one of those who believe that the Government can control inflation without at the same time imposing a host of other wholly unacceptable and undesirable controls—I think the Federal Government has a responsibility toward their faithful and on this point largely helpless, servants to provide decent pensions as a matter of right—having been honestly earned —at a rate, I suggest, that is at least in step with the up to date salaries or wages paid by the Government for the same work today.

Surely this is not too much to ask. It is not even striking into new ground, because the same principle has been followed for

years by the government in the land to the south of us, and to a certain extent it is also being followed across the sea today in the United Kingdom. If we cannot strike out on our own with a new, improved formula, can we not at least follow in their footsteps? We might even want to tie federal pensions to the cost of living index; and this is another approach which would be quite all right with me.

I am very encouraged to see in the Canada Pension Plan that the Government for the first time has done something along this line, and has provided automatic increases in pension payments with increases in the cost of living index. I commend the Government wholeheartedly for this. If the Government does not want to take the course of action that I recommended just now to provide fair, up to date pensions, then by all means let us regard the Canada Pension Plan as a precedent and tie our federal pensions in with the cost of living index. I do not mind which course we follow; but we must, in my view, do something. What I wish to impress upon the Government is that the time is far past when we should have made this move. Successive governments have fumbled, waffled and ignored their pensioners long enough, and Provincial Governments and private employers have not been slow, as we all know, to follow suit.

If I may make an observation at this point, Mr. Speaker, I think federal pensioners generally have been much too quiet on the subject of their inflation-caused pension troubles. This is perhaps natural. With years of public service ingrained in their lives, after retirement they have for the most part sat patiently by and watched their hard earned pensions slowly but surely being eaten away by inflation, hoping the Government in its role of Great White Father will do the right thing by them.

I suggest, Mr. Speaker, that bitter experience has shown them that their confidence has been misplaced. This is a lesson that should not be lost on the federal civil service of today, particularly when they approach the bargaining table for the first time this year, as I am happy to see was promised in the Throne Speech. Nothing can be more frustrating than to see salaries increase year by year across the land, taking care of rising costs for those fortunate enough and young enough to be still employed, while at the same time pensioners experience those same rising costs but are caught in the vise-like grip of a fixed pension.

At present there is no way out for them, Mr. Speaker. Retirement sentences the public servant to a gradual lowering of living standards, and the spectre of an eventual appeal to welfare or charity of one sort or another is a distinct possibility in all too many cases. Members should ask themselves the question, is this fair and is this right? These people do not require alms or handouts; they do need help, and help to them is most justly due. As a Federal Government it is both our moral responsibility and in our own best interests to provide it; for if we are going to attract good people into the service of our country—and, looking ahead, I suggest this is as important today as ever before in our history—we must show that at the end of such service there is a fair retirement.

Surely this fits in with Liberal thinking—spell it as you wish, with a large or a small letter "L"—for the Federal Government to show the way, to provide the lead for provincial and private employers in protecting the purchasing power and the retirement way of life of its faithful servants. I hope, therefore, that the Government will remember its responsibility, will look closely into this problem without delay and will take action very shortly during this Parliament to bring an end to this sorry situation.

Mr. Knowles: Mr. Speaker, would the hon. Member permit a question? In view of the fact that the Minister of Finance was not able to be here to hear this important speech, this very excellent speech, I wonder whether the hon. Member would personally see to it that his speech is brought to the attention of the Minister of Finance.

Mr. Groos: Mr. Speaker, I will be glad to send him a copy, signed by my own hand.

Some hon. Members: Hear, hear.

Hon. Michael Starr (Ontario): Mr. Speaker, as is traditional in this House on this occasion, I also wish to join with others who have preceded me in this debate and extend my congratulations to the mover and the seconder on their speeches in reply to the Speech from the Throne, the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien). They certainly put forward their best efforts. This is what all of us in the House of Commons are very proud of, namely the high calibre of the speeches of Members who are assigned these very important functions of moving and seconding the Address in Reply to the Speech from the Throne. Their

speeches are always on a high plane, and we are all proud of these people each and every time this is done.

I was rather impressed with the hon. Member for Westmorland (Mrs. Rideout), the hon. Lady who made her maiden speech yesterday. I am sure she is somewhat relieved now that this chore is over, because I remember vividly back in 1952 when I had to deliver my maiden speech and know that a person goes through a lot of nervousness; but the atmosphere of the House helps a great deal. I think the hon. Lady has used this atmosphere very effectively, because her presence in the House is very noticeable; and I notice, also, that she seems to enjoy being a Member of Parliament. I want to congratulate her on her maiden speech, and we look forward to many more contributions from her during the life of this session and the sessions to follow.

Some hon. Members: Hear, hear.

• (12:50 p.m.)

Mr. Starr: The Speech from the Throne is a tremendous and voluminous speech filled with words of platitude. One has to examine this speech very carefully to find what new legislation the Government intends to bring forward during this Session of Parliament. This Speech reminds me of the speech made by President Johnson, because it has been dubbed as the speech of war on poverty, and I think this has been done purposely.

This Speech also reminds me of the 60 days of decision used by this Government as its slogan when it first came into office, which slogan was modelled on the late President Kennedy's motto of 90 days of decision. The only variation is the difference of 30 days. This Speech is nothing but a manifesto of words, when we come to look at it very closely. To my mind this Government has copied the actions, the words and the platforms of the Democratic Party of the United States now on two occasions; first, those of the late President Kennedy, and now those of President Johnson. I am wondering when this Government is going to come forward with some of its own ideas, and when it is going to tell the people of Canada that it is prepared to stand on its own two feet rather than mimic the actions of the Government of the United States.

I am also wondering, Mr. Speaker, whether any action is going to result from the listing of some of the things which are embodied in this Speech, because very few of the matters listed in the last Speech from the Throne which we debated in this House came about. It is true that the Government make a practice of adding words to present legislation. When they talked about certain aspects of legislation which is now on the books of the country in the last Speech they said this was to be "improved", a word which meant nothing at all. They now apply a different adjective to legislation which is presently on the books and already in existence. The 60 days of decision was a complete fraud and a flop during the last session of parliament, and we now expect that the pious platitudes which have been set out in this Throne Speech will experience the same fate.

The war on poverty is a very interesting title for this Speech from the Throne because, as we have noticed in the past session of parliament, cabinet minister after cabinet minister in this Government, particularly outside of the House of Commons on public platforms, has declared that things were very much better, that the Government had solved the economic problems, and that things were on the move. It is strange that now in the Speech from the Throne we find the admission by this Government that there is poverty in Canada, and that they are going to wage a war on that poverty. I will deal with the various items the Government propose in order to eliminate poverty as I go through the Speech. I am wondering whether the war on poverty, as I say, is an admission that nothing has been done since this Government came into office two years ago to rectify the situation.

Let us see, Mr. Speaker, what the Throne Speech contains. First of all there is a reference in one paragraph of the Speech to the automobile agreement which was signed by the President of the United States and the Prime Minister of Canada. Let us look at the situation created by this agreement. First of all, it was agreed that Canada would forgo on new parts and new automobiles coming into Canada duties ranging anywhere from 17½ per cent to 25 per cent. Under this agreement the United States also agreed to forgo up to 8¼ per cent duty on all parts and automobiles being shipped into the United States.

As I understand it, 50 per cent of the power to forgo this duty lies in the initiative of the President of the United States; the balance, the other 50 per cent, lies in the Congress of the United States. It was

decided that the President of the United States would not exercise his part of the power to reduce the duty on these automobiles and parts going into the United States, but rather would wait until Congress had approved the agreement so the whole remission could be made at once. On the other hand, Canada immediately implemented her part of that agreement without coming to Parliament for approval of any kind. This was done either by Order in Council or by decision of the Cabinet. The Government were anxious to get into this agreement, but up until now it has been a one way agreement which has been implemented by Canada but not by the United States.

The Government now proposes that a resolution be introduced into the House of Commons to ratify the agreement which is already in existence. This is the method which this Government has employed throughout all its legislation during the period of time it has been in office. It has put the cart before the horse. Parliament has been the last to ratify or learn what this Government intends to do or what this Government is doing.

Mr. Moreau: Would the hon. gentleman permit a question? Would not the hon. Member agree that there is a second part to this arrangement, namely an agreement between the automobile manufacturers and this Government to increase Canadian production, and should that not be considered when discussing this automobile trade agreement?

Mr. Starr: I agree entirely with the hon. Member that we should have access to the letters that were signed and written which gave an undertaking to the Government on the part of the automobile companies. But this correspondence has been kept secret and none of us can find out the ground rules laid down in these letters signed by the presidents of these automobile companies. I think the hon. Member is right. I think the whole thing should have been brought to Parliament and that we should have been told the basis upon which we entered into this agreement with the United States.

I say that because I feel that not only does this agreement affect the automobile industry in the manufacture or assembly of motor cars, but it has also already affected the small parts manufacturers in various areas in this country, and it will affect them as days go by in the lay-offs which are taking place among their workers, with no provision on the part of the Government for care of these displaced people. Each and every day when questions are asked about this matter there is only a shrug of the shoulders, because the Government has no plan ready now to take care of those who will be displaced.

May I call it one o'clock?

The Acting Speaker (Mr. Batten): Order. It being one o'clock I do now leave the chair.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2.30 p.m.

Mr. Starr: Mr. Speaker, when the recess was called at one o'clock I had just completed dealing with the automobile agreement between the United States and Canada. I had made some comments to the effect that the Government had placed the cart before the horse. That has been a traditional practice on the part of this government, at least over a period of two years, applicable to that particular agreement and other legislative items brought by this government before this House.

At this time I should like to point out some factors regarding the so-called war on poverty as outlined by the Speech from the Throne, which states in part that the Government intends to eliminate poverty among our people. It then goes on to list proposed federal legislation which will rectify the situation.

What are the steps outlined in the Throne Speech to be taken by this Government in its attack on poverty? First of all, there is a suggestion that provincial conferences will be held. Second, it suggests that there will be regional development, and then qualifies this step by saying this will take a good deal of time, possibly years, to bring about. Let me remind hon. Members that regional development programs have been in existence for a number of years. The party to which I belong put these programs into effect when it was in office. When the Liberal Government came into office a few years ago it was quick to take up these programs, modify them, and claim the credit for them. I wonder what else will be done in this regard by Government.

The Speech from the Throne contains several references to employment and the training of workers for new jobs. That type of program was, of course, put into effect, or

at least accelerated by the former Government in 1960, and has been continued by the present Government. What else will be done in this regard? I suppose we will have to wait to find out the answer to that question.

Also included in the Throne Speech is a reference to a program for the redevelopment of rural areas. Our Government put such a program into effect in the form of ARDA legislation, so this is nothing new. There is also reference to blighted areas in cities, and this problem of course was attacked by the previous Government in the form of changes in the Central Mortgage and Housing policy which have made possible an increase in housing and in the construction of schools. I see nothing new in that policy or anything which will create an acceleration in this area.

One thing that does surprise me about the contents of this Throne Speech is that portion which suggests there will be new opportunities for young Canadians, because nothing is set out as to what sort of opportunities will be extended to this segment of our population. There is just a usage of words, ended by a period. I doubt whether any advantage will be forthcoming in this regard. I am sure the young people of this generation will become old, 60 or 70 years of age, before this Government takes any action which will be of assistance in this field. The Hospital and Medical Insurance Plan was promised for many years, and legislation in this regard has been brought in piecemeal.

It seems to me the Prime Minister has less faith than almost anyone else, in the ability of his Ministers to carry out effectively some of these programs, as indicated by his new role as co-ordinator. He intends to take these programs under his wing and co-ordinate them through a special secretariat. This fact indicates, at least to me, that the Prime Minister feels that at least some of his Ministers, and possibly all of them, need guidance in order to co-ordinate these efforts. I am afraid I cannot blame him for taking that position, because certainly the past performances of his Ministers both in and out of this House have indicated a need for someone to help them co-ordinate some of these programs. Obviously they need guidance in this regard.

Another subject referred to in the Throne Speech is a new and activated farm policy. It is about time this Government launched a program in respect of farm policy. I represent a riding which is not only an industrial area but also encompasses one of the finest mixed farming areas in the country. A number of responsible individuals engaged in agriculture in my area have informed me that the prices now being paid for agricultural products are as low as they have ever been, and can be compared with prices paid in the 1930's. Consequently they feel something should be done about the inertia on the part of the government, particularly on the part of the Minister of Agriculture. Agriculture is one of the mainstays of our economy, and the people involved in this industry should be looked after. These prices should be increased so as to provide this important segment of our population with at least an opportunity to earn a decent living. The Minister of Agriculture did announce a new dairy policy a short time ago, and perhaps it is too early to criticize or approve this policy because its effects will not be known for approximately 11 months. We must wait to see how favourable this policy will be.

The Speech from the Throne also contains the suggestion that there will be an increase in assistance for the construction of vocational schools. Similar legislation was introduced by the former Government in 1960, which was followed in two and a half years by a tremendous acceleration in the construction of schools of all types in this country. Since the present government came into office that program has almost reached a standstill. There is an obvious need for accommodation for the training and retraining of our young Canadians, and I suggest that this program should be accelerated.

Mr. Pickersgill: Would the hon. Member permit a question? Has the hon. Member forgotten the number of schools that have been built in one of the largest provinces of Canada, and the very large expansion in this regard in that province since the present Government came into office?

Mr. Starr: I realize that the Minister is referring to the Province of Quebec, but let me remind him that that province has had the same opportunity in this regard as other provinces have had; and when he refers to the acceleration which has taken place since his Government came into office, I think if he will consider the facts he will realize that no such thing has occurred in Quebec. Perhaps he will obtain some facts and figures from the Minister of Labour in respect of that province. He has suggested that there has been great expansion in this field in that province, but there are no figures which will prove that contention.

There is another reference in the Throne Speech to the effect that the Citizenship and Immigration Acts are to be amended. I suggest that steps in this direction must be taken in this country, and in this regard I would remind the Minister of Transport that when he was the Minister of Citizenship and Immigration some reference was made to second class babies. That hon. Member had no use for second class babies at that time, but I think the Minister should now consider this situation seriously and support any amendment to the citizenship act which will allow people coming into this country to become citizens on the same basis as anyone else.

The whole Throne Speech is an attempt by the Government to enunciate policies, most of which are not new. It is my belief that the Government has in this way enabled itself to sit back and enjoy the result of policies that were brought into being by the former Government. They were fortunate enough to come to power at a time when these policies were really taking hold and bringing results. They themselves have done nothing new to accelerate a decrease in unemployment and to accelerate an increase in vocational training.

• (2:40 p.m.)

There is no mention of any increase in income tax exemptions, and this is a matter that is worrying a great many people. Reference is made to improvements to be brought about in the conduct of the business of the House. We are certainly glad to hear this. I do not entirely believe that we should conduct our business in the House in the same way the board of directors of a big corporation would conduct their business, but I think there should be an improvement over what has taken place in the past two years. The responsibility in this respect lies entirely upon the Government.

I say there has been an admission by the Government that the way in which the business of the House has been conducted has been their fault. This is confirmed by the fact that in two years the Government has named three different House Leaders. First we had the Minister of Transport, but he did not do such a good job. He was pulled out of the job and replaced by the Minister of Justice, who was a complete flop. Now we have the President of the Privy Council, as House Leader, and we will have to wait and see how he makes out. But the responsibility rests on the Government so far as the orderly conduct of the business of the House is concerned, and I am glad to see some indication that the Government is prepared to mend its ways; because the House of Commons cannot carry on with the incompetence, the bungling, the bargaining, the threats and the blackmail to which the House has been subjected so far as its business is concerned. The situation that has existed reflects on all of us, wherever we may sit, and on Parliament as a whole. Therefore I hope the Government will mend its ways so we can deal with the business of the country in a more orderly fashion.

The Prime Minister made some reference to the two cultures and to bilingualism and biculturalism in Canada. He said that basically Canada is a nation of two founding races, and that these two founding races should be the cornerstone of our existence. No one has any quarrel at all with such a statement. During the flag debate we in our party stood firm and fast for the view that the two traditional races should be depicted in some way on our flag. However, we were not successful in that regard.

We agree that there are the two basic cultures, but what about the five million other Canadians who have come to this country, have become good citizens and want to participate as Canadians, as well as their sons and daughters who have been born here in the second and third generations. What role are they left to play, and which side are they going to take? They have been told time and time again that they have brought to this country rich cultures and traditions, and that Canada is prepared to adopt much of these cultures and traditions not on the basis of a melting pot but through integrating them into a Canadian way of life. Nothing has been spelled out with regard to this third group of Canadians, who comprise almost a third of the population of the country and who will increase far more rapidly than the other two groups in the years ahead. No role is set out for these people, and they are left in a quandary and wonderment with regard to how their cultures and traditions will be integrated and play a role.

Speaking in Kitchener on April 7 the Minister of Citizenship and Immigration said very rightly to a group of those Canadians who have received citizenship:

> In the past Canada has sometimes been referred to as a great "melting pot", a place where scores of divergent nationalities met and fused. I sincerely believe, however, that our ideas have changed considerably in the past decade or so, and now it is hardly possible to submerge all divergent characteristics into a totality called "Canada". I like to think that the melting pot ideal has

gone and that a new image has taken its place, a new image which can perhaps be more aptly termed a "mixing pot" rather than a melting pot, a combining, yes, but not a fusing at the expense of individuality.

An hon. Member: What kind of pot?

Mr. Starr: A mixing pot. This is the new policy that the government has for five million Canadians.

Mr. Diefenbaker: It would describe the Government, too.

Mr. Starr: I think we are not paying enough attention of this third large group of Canadians. In my view we have left them out on a limb. At first they felt that their cultures and traditions were going to be integrated, thus adding something to Canada, but now they are at a loss to know where they stand because the emphasis is going to be on two cultures and two languages in this country. We agree with this, but there should also be an avenue whereby this third group can be integrated and have their place as well. I do not believe they will want to be left out. They do not want to be classed as second class citizens any longer. They want to play a full part in this country in the light of their ability, their knowledge, their culture and their tradition.

I think it is important that Canadians should be Canadians and not hyphenated Canadians, but in the past year or two more and more hyphenated Canadianism has come into being. There are English speaking Canadians and there are French speaking Canadians and there are other Canadians who do not want to be hyphenated but will now possibly have to be hyphenated. This situation has brought about great strife, and I think the Government should deal with it very forcefully, effectively and quickly. They should not employ emotional policies to deal with this matter but should bring about economic policies that will create satisfaction in every part of the country and in every province.

One of the main omissions in the Speech from the Throne is the matter of relief for the municipal taxpayer who is overburdened with municipal taxes. On an average home he is now paying $700 to $1,000 a year in taxes. There is no mention of relief for these people. Sixty cents of every municipal tax dollar, and in some cases more, now goes for education. There is no relief in this respect. Relief could be provided without infringing upon provincial jurisdiction over education, but the Government is not concerned about this matter.

[Mr. Starr.]

There is another matter I should like the Government to consider. I refer to the salaries of letter carriers and postal clerks. The policy now in effect and implemented by the Civil Service Commission is that across the board from coast to coast the same salary shall prevail. In my opinion this is not right, because there are areas in the country where letter carriers and postal clerks can live fairly comfortably on their present salaries, whereas in large urban metropolitan areas letter carriers and postal clerks are nearly starving on the salaries they are receiving. Many of them are leaving the service for better jobs with better pay.

I place the thought before the Government for their consideration that they should consider establishing these salaries on a regional rather than an across the board basis, so the cost of living can be kept in mind when salaries are set for those who work in urban areas such as metropolitan Toronto and the immediate vicinity, in comparison with those who work in Northern Ontario or in other parts of Canada.

• (2:50 p.m.)

This Speech from the Throne, when it was prepared by the Government and read by the Governor General, was dubbed "a war on poverty". However, after close scrutiny one finds that this war on poverty is nothing but a camouflage; this war on poverty is nothing but a rehash of existing legislation. We will watch with a great deal of interest to see what will be done about the other legislation and the opportunities for young Canadians in the days to come.

• (3:00 p.m.)

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I wish to take the opportunity afforded me by the debate on the address in reply to the speech from the throne to point out to the government the main needs of my riding and express my views on politics in general.

I must congratulate the mover of the address, the hon. member for St. John's West (Mr. Cashin) for his wonderful speech, and the hon. member for St. Maurice-Laflèche (Mr. Chrétien) who seconded it. Evidently, they had to admit that the government of Canada needs to take drastic steps to raise the living standards of the working classes. They also accepted and approved without discussion the measures proposed by the government which, in my opinion, are but

aspiring to soothe the pains of a suffering population whose cries are becoming ever louder.

Mr. Speaker, the area I represent is relatively new; it is important that it should be developed rapidly as regards industry and agriculture as well as services in general. In the last few years the vast area of Abitibi has suffered from a decline in agriculture and a slowing down in practically every other field. Farm revenue is inadequate to allow farming families to live decently. While most of our farmers must work in the woods, on construction sites or in mines to get enough money to keep their families and retain their land, it is necessary to import from Ontario and elsewhere every week thousands of pounds of pork and beef, thousands of dozens of eggs and tons of all kinds of vegetables. And yet all those things could be produced in abundance in Abitibi, at least in sufficient quantity to meet our own needs.

Some increase has been made in the grants to dairy farmers, but a ceiling has been set. Farmers are not asking for a ceiling but for a reinforced floor so that they may earn a decent livelihood, overcome indigence and poverty, and enjoy the full benefits of the wealth which they can produce.

In the industrial field, mining companies have started operation in Matagami in recent months and others will also begin operation in Joutel. At lake Quévillon, construction of a paper mill got underway recently and small towns may be expected to sprout around those industries which will require all kinds of service.

Among the services which ought to be established are, first of all, air transport services and radio-television services.

The authorities of Chibougamau and Chapais have repeatedly requested government assistance for the construction, in the case of the former, and the improvement, in the case of the latter, of airports to allow the landing of medium size aircraft. In view of the results obtained and considering that such requests are fully justified, I think the Department concerned should take immediate action in this regard. Along these lines, I think the department should already be considering the construction or improvement of medium size airports in the vicinity of the places I have mentioned, as well as near the towns of Amos, La Sarre, Senneterre and Matagami. Lebel, on lake Quévillon, should also be considered.

Radio-television services at Chibougamau and Chapais should also be looked into immediately.

The citizens of those communities are entitled to a radio and television service just as much as the citizens of any other city in Canada. Incidentally, I may point out that those who want television must pay $81 per year, plus an initial payment of $200 to be connected to a cable system. They can pick up only one channel and the reception is often very poor.

The municipal councils of Chibougamau and Chapais, the chambers of commerce of those two communities, the Chibougamau League of Home Owners, the Chibougamau St. Jean Baptiste Society and Kiwanis Club, the mine workers union of Chibougamau and Chapais made numerous representations on behalf of their fellow citizens, asking for free radio and television.

At this stage, I should like to point out that those two towns alone have a population of over 12,000 people.

I made several representations myself on that matter and every time, the reply was: the estimates do not provide for this, and we do not have any money.

The Secretary of State (Mr. Lamontagne) said: We will have to wait for the report of the Fowler commission.

But I wonder whether he waited for the report of the Fowler commission with reference to the news item concerning the world fair. In fact, this is a report carried in the publication *Expo Digest* of April 7, which said:

> The project is to build another permanent building on the site of the fair. It would be a building provided with all the equipment required to broadcast throughout the world television and radio programs concerning Expo 67.

Radio and T.V. programs will be broadcast throughout the world, except to Chapais and Chibougamau.

I quote:

> This building will be erected by the C.B.C. at a cost of ten million dollars.

For the world fair, everything is possible; but when it comes to services for people who have settled several years ago in isolated centres, far from communication centres, then there is not enough money.

The miners, the taxpayers are the forgotten men. That reminds me of the depression before the war. In peacetime there is no money; but in wartime, there is no shortage

of money. For the fair, no financial problem must stand in the way; every project no matter how fanciful must be achieved; money is no object; let future generations pay for our extravagances.

Mr. Speaker, the improvements I have just claimed are essential and physically possible. People are asking for them. The only obstacle, at the present time, is lack of funds. The needs are there. They could be met, and Social Credit would remove the financial obstacle.

The Speech from the Throne is no better nor worse than those we are accustomed to hear, except that it contains disturbing admissions which point to the weakness of an administration that failed to anticipate or settle the problems of an expanding nation. Government by the old-line parties has been an obstacle to this country's development and the welfare of its population, in that it has left too many people in dire poverty. The government has just realized it as evidenced by the speech from the throne; however, there are two rather contradictory paragraphs which I will quote. First:

> Our country is achieving a high rate of economic growth. Trade is expanding. With the growing industrialization, Canadians are enjoying rapidly increasing employment opportunities; incomes and living standards are rising; the number of people out of work has been reduced to lower levels than for many years.

And the next paragraph continues:

> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training, inequality in opportunities for work.

While the economic growth of some favoured classes of society is praised, it is recognized that a great mass of the population are becoming poorer and poorer; fortunately the government has just realized it. But what does it propose in this connection? For some, the situation has improved; for others, it has considerably deteriorated. The number of poor, poverty stricken and needy people has kept on increasing, and what does the government propose? Long term measures: to study the situation of the poor man, find out why he is poor.

In *Health and Welfare* of January 1965, published under the authority of the Minister of National Health and Welfare (Miss LaMarsh), there is an article entitled:

> Fight against indigence.

It is subtitled:

> Canada attacks one of the great social evils of today.

I would like to quote the beginning of this article.

> In Ottawa, on a day in November of last year, about 50 people met to launch an attack against poverty, which is probably today's greatest social evil. The group was made up of experts from the federal civil service, universities, labour unions and social welfare agencies; they were all deeply worried about continuing poverty in Canada. They all knew that poverty exists. Many of them had seen appalling evidence of it; several were engaged in studies and research to find out the reasons for it; others were working to alleviate it. But they all agreed that a more thorough investigation was needed to gather all information available and discover what information was still needed.

It was felt that not enough information was available to determine what is poverty and want.

Among this group of people who met in November last, nobody was found to be sufficiently informed or intelligent enough, nor could such people be found elsewhere in Canada. That is why it was found necessary to ask another country, England, to come to our rescue. Therefore, the council brought in as a consultant, Professor Richard M. Titmuss, of the London School of Economics. There was no one in this country intelligent enough to find out what is poverty and how to fight it in Canada! It was necessary to go outside the country to find someone who could show us what had to be done and how to do it.

Here is what the same Mr. Titmuss suggested:

> Mr. Titmuss advised against a comprehensive study of poverty; instead, he recommended an extensive investigation on certain groups of low income families and individuals. He stated: "Proceed immediately by realistic stages like, for instance, the taking of photographs."

In my opinion, Mr. Speaker, that is going quite far, perhaps a bit too far, to determine the extent of poverty in our midst. If the board appointed to study hardship had left its large, comfortable air-conditioned offices and taken the trouble of going down into the working class sections of our towns, into our villages and everywhere in the country, it would not have had to send for a Londoner to determine the extent of poverty in Canada. You can be sure that if it had sought hardship where it exists, in its actual surroundings, it would not have been long in finding solutions.

I do say, Mr. Speaker, that if the members of that board and the members of the government traded places, not for a year but only for a week, with the unemployed—or even the people with jobs but who have inadequate

incomes, who suffer hardship and insecurity, they would soon realize that it is not a speech from the throne that is required to remedy the situation of the needy in Canada, but rather a bill providing for immediate steps, rather than long term policies, as is proposed in the speech from the throne.

And here is what that board will do about those recommendations and others:

In the first place, it will collect and thoroughly examine available statistics to grasp their significance;—

Because they do not seem to understand their significance at the present time.

—next, it will select, in view of a comprehensive survey, a certain segment of the population, a lower bracket group which, as David Woodsworth said "reflects the absence of structures of improvement."

Well, Mr. Speaker, we found that article in a publication issued in January 1965, thus a few months before the Speech from the Throne.

Now, the only things we find in the Speech from the Throne are long-term measures, and the proposal for inquiring into the problem of poverty among our people, as if it were a recent development. This problem has been with us for years. When certain solutions were brought in, they had been overdue for a long time. And we are still at the same point.

Here is what the government suggests in the Speech from the Throne:

It will include improved measures for regional development...

This is rather vague and non-committal.

...the re-employment and training of workers...

It seems to me the Department of Labour has made such an experiment with unemployed persons 45 years of age or over. Or it may be that the advertising agences benefited far more from this program that the workers themselves.

Here is another thing we find in the Speech from the Throne:

...the re-development of rural areas.

This program has been in existence for a few years already. Millions of dollars have been spent to study it, but what, I ask you, has it really meant for our rural citizens?

We can see also:

"assistance of needy people"

It seems to me we already have a program of unemployment assistance, distributing money sparingly and of no real help to the poverty-stricken.

...the renewal of areas now blighted and congested in our cities...

Does the government see slums only in our cities? There are plenty of slums in our villages and our rural areas where large families have to crowd together and live in houses which are much too small and not built for our severe climate.

What the people want, Mr. Speaker, is the right and the opportunity to determine their own future, to decide where they are going to live, what they are going to wear and to eat, the education and the medical care they are going to get, what to do in their spare time. In short, people want freedom in security.

Mr. Speaker, we Créditistes are convinced that Canada, with its great natural resources developed by Canadians and through scientific and technical know-how, can provide each and every one with decent living conditions where all would be able to develop fully in the pursuit of their natural ideal.

The speech from the throne should have announced an increase in family allowances proportionate to that of the cost of living index since 1945. That would have been of immediate benefit to large families, the ones most affected by poverty.

It should have been announced in the speech from the throne that old age security pensions would be increased to $100 at the age of 60 and that blind and disabled persons pensions would take into account in the future the number of dependants.

It should have been suggested in the speech from the throne that a tax cut will be granted in the budget by increasing deductions to $5,000 for married people and to $2,500 for single persons. When we ask for those tax reductions, we are inevitably told: Where shall we find the money required to administer the country? Take it where it is to be found. Stop taxing workers with low incomes and turn to the Bank of Canada. It is as simple as that.

We are convinced that with an economic system reflecting the actual wealth of our country and banking on the will and industry of Canadians, everyone might live decently in our present and future abundance.

That is why we are asking for a reform of our monetary system through the Bank of Canada so that money can be made to serve man. Let us stop trying to solve production problems; they should be tackled by the producers; let us rather concentrate on solving the goods and services distribution problem.

But if the government included in the speech from the throne things which would

provide immediate solution to the problems of the day, you can rest assured that the Ralliement Creditiste would have fully endorsed its policies. But the speech from the throne only contains long-term measures which, if and when they are carried out, will have become obsolete.

That is why, during this session, we shall examine thoroughly every bill and introduce all the amendments we may deem necessary, so that parliament may pass legislation which the Canadian people require for their own welfare.

For the time being, Mr. Speaker, we are considering a subamendment which I think all members of the Ralliement Creditiste will strongly support at the proper time.

• (3:10 p.m.)

[*Text*]

Mr. Jack Roxburgh (Norfolk): May I, Mr. Speaker, associate myself with the things which have been said in complimenting the mover, the hon. Member for St. John's West, and the seconder the hon. Member for St. Maurice-Laflèche for their addresses in reply to the Speech from the Throne. I sincerely want to congratulate these two Members for the very fine presentations they made. I would be very remiss indeed, Mr. Speaker, if I were not to also congratulate our fair and lovely lady, the hon. Member for Westmorland (Mrs. Rideout) on her maiden speech in this House.

Some hon. Members: Hear, hear.

Mr. Roxburgh: She is a real asset to the Government and to the House of Commons.

The Speech from the Throne at the beginning of each session of Parliament is an important indication of the direction the Government intends to take, and I am very pleased to note the strong stand that is being taken toward war on poverty, a very definite intention of doing something for agriculture, and the promise of a better immigration policy —and my goodness, we certainly need one; there is no doubt about that.

I would like to say, Mr. Speaker, that it was not my intention to speak in the debate on the Speech from the Throne, but circumstances have changed this. My real reason for taking part in this debate concerns a matter of vital importance to my constituency of Norfolk County and to me, their representative at Ottawa. As their spokesman I intend to deal with a matter today that I, as a member of the Government—

Mr. Lambert: Oh, oh.

[Mr. Laprise.]

Mr. Roxburgh: —certainly do not relish. I have no alternative but to deal with the statements made recently by the Minister of National Health and Welfare, because I must be fair to myself and to those whom I represent. I am very sorry to see that the Minister is not here this afternoon. I phoned the office this morning and understand that she is busy on committee work; but I certainly would have appreciated it very much indeed if the Minister could have been here this afternoon.

Recently there has been a great deal of publicity directed toward tobacco, cigarettes and lung cancer, and because of that situation the Department of National Health and Welfare, with the sanction of the Government, decided that a program of education should be carried on throughout the schools of Canada and that a certain amount of money should be spent for experimental purposes.

I would like to point out, Mr. Speaker, that the tobacco industry has given its fullest support and co-operation in this program, and rightly so. However, the Minister has not been satisfied with carrying out the Government program—and I stress, the Government program—but has at times gone out of her way to make unnecessary, unjustified suggestions; suggestions that in no way—and, Mr. Speaker, I mean in no way—represent Government policy.

Mr. Knowles: Good for her.

Mr. Roxburgh: In her address here at Ottawa on March 12 last the Minister made the following statement:

> A ban on television advertising of cigarettes will have to be considered if other anti-smoking campaigns do not prove effective.

This statement brought such headlines in the London *Free Press* as "May Ban T.V. Cigarette Commercials, LaMarsh said" and similar headlines in other papers from coast to coast.

Some hon. Members: Hear, hear.

Mr. Roxburgh: All I know, Mr. Speaker, is that whether we like it or whether we don't like it, a large majority—a very large majority—of Canadians watch and listen to United States television and radio stations, and until such time as the Government of the United States takes the same action, any efforts along this line by Canadian television would be puny and meaningless. I would also point out—and I stress this as well—that before such a step could be taken—and get this—that step would first have to be approved by the Cabinet of this Government

and not by the Department of National Health and Welfare alone.

• (3:20 p.m.)

During the question period in the House of Commons on March 31, the likeable Member of Parliament for Simcoe East asked the Minister this, as reported at page 12998:

> —is the hon. lady giving any consideration to asking the Canadian Broadcasting Corporation, a public agency, to set a national example by removing all cigarette advertising from its programs?

To which the Minister replied:

> Yes, Mr. Speaker; I am considering that.

I do not know, Mr. Speaker, but I suppose there is nothing we can do to stop the Minister asking the C.B.C. to consider something. However, I should like to point out that the C.B.C. is the body that decides such programs, not the Department of the Minister in the present Government. Actually the Minister could have, and should have as far as I am concerned, referred the question to the Secretary of State for reply; but I suppose that headlines are headlines, whether practical or not.

Mr. Starr: All the Cabinet Ministers have been looking for headlines.

Mr. Roxburgh: Again I stress, Mr. Speaker, that until this Government makes this a policy, such statements and suggestions by the Minister of National Health and Welfare should be regarded as only meaningless insinuations. Unfortunately, however, they are not so regarded by the general public, many of whom, like a lot of us, just read the headlines.

Before I go any further, Mr. Speaker, I want to make sure that everybody understands that nobody—and I mean nobody—is criticizing the Minister for carrying out Government policy regarding education and experimentation. In fact I read with interest the speech which the Minister gave on March 12, and outside of the one statement to which I have referred the speech was excellent.

I should like to point out that from the time the debate on tobacco and cancer commenced, the tobacco industry of Canada has given its full consideration to the subject of television advertising by programming late at night and by making changes in advertising methods—for example, by not using sporting activities or sporting personalities as the media in television programs. The same cannot be said, Mr. Speaker, of another industry whose product, by the way, is not only dangerous to health but also saps the very moral heart of our nation; yes, a product which is programmed from morning until night. Every day, at some time during the 24 hours, we hear that that old fellow John Barleycorn and gasoline just do not mix; but during the Saturday night hockey broadcasts they do mix quite freely, and at a time when the youth of our country, the boys and girls of Canada, Mr. Speaker, are watching the program. Even to some of us who enjoy beverages this kind of advertising has become rather sickening.

Speaking personally, I should like to see the advertisers take more responsibility for the type of advertising they use and the times at which they use it. It is not my intention—and I want to make it very plain that I mean this sincerely—to ostracize any product, as each plays its own particular role, some very important ones, in the economy of our nation. But if the Minister and her Department are really sincere in their effort to better the health and welfare of the Canadian people, I suggest that she take a really good look at this type of advertising. Because, Mr. Speaker, if it continues it will not be too long before the children's hour programs will be signing off with such quotes as "Be sure boys and girls, that Mommy and Daddy have their drink of that exhilarating, full-bodied beverage before they tuck you in your little bed. Good night, boys and girls".

This may sound sarcastic and out of place but, Mr. Speaker, let me tell you it is not so far out of place as we may think. There are many—and I stress the word "many"—products detrimental to the health and welfare of our nation being advertised over T.V. and radio to which the Minister could and should give, consideration, instead of just giving consideration to the one product.

While on the subject of T.V. advertising I should like to deal briefly with the C.B.C. program "This Hour has 7 Days", as it dealt with tobacco and cigarettes some weeks ago. The programming itself was good, but some of the facts which were the heart of the program—because facts are the heart of any program—were very far from correct. For example, this question was posed: "Would the Minister of National Health and Welfare and the Government be prepared to buck the powerful tobacco growers' lobby?" Mr. Speaker, if it were not for the seriousness of this question it would be downright laughable. The tobacco growers, like the wheat growers, the corn growers, the milk producers, the hog producers, the strawberry

growers, etc., bring their problems before the Provincial and Federal Governments in a regular manner and they are dealt with in the same manner as any other growers' organization.

The second statement made on this program with which I should like to deal—I should like everyone to listen to this—was that the Government of Italy had prohibited T.V. advertising of cigarettes, and that in three years the consumption of cigarettes had dropped more than 30 per cent. Nothing, Mr. Speaker, could be further from the truth. In fact it is a downright prevarication. The facts are that from 1961 to 1964 the consumption of cigarettes in Italy—the over-all consumption, that is—increased by well over 13 per cent and did not decrease at all. I can give you the figures for each year, Mr. Speaker, if necessary or if anybody wants them. I am taking these facts from the official report by the Foreign Agricultural Service of the United States Department of Agriculture which I received on Tuesday morning, so they are right up to date.

Do you know, Mr. Speaker, why the Italian Government banned cigarette advertising? The Italian Government did not ban T.V. advertising of cigarettes to help to control cigarette smoking, as the public was led to believe. The ban was placed on advertising only because cigarettes are a Government monopoly, and the Italian Government wished to shift a greater share of the cigarette market from the more frequently advertised imported brands to those of the Government monopoly. That was the reason it was done, Mr. Speaker, and the suggestion it was otherwise is an innuendo.

I am sure we will have to agree there is little doubt that innuendoes seem to be the fashion of the day, but the only thing that really upsets and worries me is that a public agency like the C.B.C., with the millions of dollars which this Government has granted them for operational purposes, have not a decent research branch. I suggest they had better use some of this money recently granted to them to do a little better research in their programs, and when they make such statements to the public of Canada they should see to it that they are factual, not innuendoes.

• (3:30 p.m.)

Until I started to look into this question I did not realize that smoking has been going on in this old world of ours for more than

[Mr. Roxburgh.]

400 years. It has been a source of pleasure and relaxation to millions of smokers. I did not know whether I should broach this subject at this time, but I think I will carry through and quote something which has been said by an eminent research specialist in this regard. This subject brings to mind a recent statement made by Dr. W. B. Ober of the Knickerbocker Hospital Laboratories in New York, one of the most famous laboratories in the world. Dr. Ober stated:

> They tell us that smoking causes lung cancer; that sexual intercourse causes cancer of the cervix, and that drinking causes cancer of the throat.

Lord help us all.

I have spoken on a number of occasions about the dollars and cents value of the tobacco industry to the nation and to the Government. I have no intention of dealing with this again, except to point out that this multimillion dollar business is providing work for thousands of Canadians and plays a large part in helping to balance the economic structure of this nation. However I cannot help bringing to your attention the fact that the tobacco industry is the most heavily taxed industry in Canada, to the extent of something like 7 per cent of the federal budgetary tax revenue, contrasting sharply, by the way, with the situation in the United States where tobacco taxes provide only 2 per cent of that country's revenue. Very few Canadian industries could survive if they were taxed as heavily as the tobacco industry.

May I make a few brief comparisons at this time. Cigarettes, the highest taxed product in Canada, represent 124 per cent of retail price net taxes. Distilled spirits, and I use this example simply because it is one of the highest taxed products in Canada, represents only 59 per cent of retail price net taxes, including Provincial mark-ups. There might be a slight increase in this regard since Ontario has decided to add a little more in the way of taxes on distilled spirits, but undoubtedly this second highest taxed product is taxed to an extent less than half that which applies to cigarettes. If automobiles were taxed at the same rates as cigarettes a family car costing approximately $2,500 would sell close to $6,000. I have given these figures to point up the fact that if one looks at the tax imposed on tobacco from a straight business angle, even the most anti-tobacco individual will have to admit that tobacco is subjected to more than its share of taxes.

We all know from experience—prohibition—that we cannot legislate any product out of existence. So rather than attempt to carry on a campaign of that kind, it would be much more practical, and only good common sense, for the Government to increase grants for study and research. I wish to suggest to the Government that they make money available in this regard from revenue collected through tax on cigarettes.

The first amount which entered my mind was one cent per package, but I did not realize how much that would amount to. Do you realize how much one cent per package would involve? It would amount to $20 million. In view of this, I would suggest that one quarter of one cent per package should be set aside for research. This would amount to $5 million. You may feel that this is a large sum of money, and so it is, but not when one considers the importance of this suggested program to the health and welfare of our people and to the economy of our nation. Mr. Speaker, I am sure we would agree that such an investment, derived from cigarette tax revenue, would be based on downright common sense. This money would be collected from those individuals in Canada who enjoy this product, and would not be taken from general funds.

If such a suggestion were acted upon, it would be more in line with the multimillion dollar crash program undertaken by the United States Department of Agriculture, and there is little doubt that such a move on the part of this Government would go a long way towards solving the present problem in relation to tobacco, and would do so without the bitterness which is being created by the present attitude adopted by the Minister of National Health and Welfare (Miss LaMarsh). It could even eventually mean the survival of an industry that plays a mighty big role in the economy of our nation.

Mr. P. V. Noble (Grey North): Mr. Speaker, I join with all previous speakers in extending my congratulations to the Mover and Seconder of the Address in reply to the Speech from the Throne, the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien).

This is the third session of the twenty sixth Parliament, and as the old adage goes, the third is the charm. After all the fumbling and bungling in the first two sessions of this Parliament, it is about time this Government came up with a charmer. In the Throne Speech the lure that is being used on the end of the line is bright, colourful and attractive, but nevertheless deceiving.

Eloquent words and phrases with cosy promises have been used freely in the hope of reconciling the Canadian people who were subjected to many distressing experiences by this wayward Government—a Government that has continually embarrassed its own supporters.

If we are to believe that all these things mentioned in this Throne Speech will be acted upon and brought into fruition by this government, the results would leave this country a virtual Utopia. No one would have a worry. However, one must consider the whole program with much reservation and considerable doubt. One need only reflect on the promises made in the past by the disappointing galaxy in the Government seats of authority. Much of that attractive legislation went down the drain with their 60 days of decision. Perhaps, Mr. Speaker, they have turned over a new leaf, and in this session things will be different. Almost everybody in Canada is hoping and praying that this may be so.

We hear on every hand of Canada's wealth, her bright future and of new vistas, horizons and unlimited resources. We do have all these things, and a virile and energetic population which places Canada in one of the most envied positions of any country in the world. Why then do we find ourselves in so many difficulties? Is it not because of Government inefficiency? We need and must have the positive and vigorous leadership which has been so sadly lacking in the first two sessions of this Parliament. If the Government cannot supply it in this session, they cannot expect the Canadian people to tolerate them any longer. Justice must prevail.

• (3:40 p.m.)

The most pressing problems facing the country are constantly brought to the attention of the Government not only by Opposition members but also by their own backbenchers. There should be no hesitation in facing up to these matters. The Prime Minister (Mr. Pearson) speaks of a war on poverty. There is not a Member in this House who would not support him in this respect. The same support would be forthcoming with regard to any of the difficult situations facing our people such as unemployment, low farm incomes and, in fact, inadequate incomes anywhere. It is entirely up to the Government to take the initiative and give the required lead-

ership. A better and more sincere effort must come from high places and without delay.

My riding, and in fact the whole Georgian Bay area, could benefit greatly from more industry. We have much to offer such development, but apparently not enough to interest the Government. When the Minister of Industry (Mr. Drury) was selecting the designated areas last year I appealed to him to give the Georgian Bay area at least a second look because the Government could and should help us to direct more industry to that area. Finally I was advised that the figures supplied by the National Employment Service did not warrant any assistance by way of an incentive program for our area, even though nearly a thousand people could not find work in midsummer.

My argument, Mr. Speaker, is that the N.E.S. figures are not a true basis on which decisions on such matters should be made. I am thinking of our youth, the most valuable asset of any community. We have two large high schools in Owen Sound from which several hundred students graduate each year and, of course, many more from other high schools in our area. What happens to these talented young people? I can tell you that very few of them apply at our employment office for positions because they know it would be futile. There is an annual migration of these would-be community builders to the larger centres to the south and even into the United States. My point is that all these graduates should be totalled and added to the N.E.S. figures to get a true picture of our situation. It would be much different from the one that the Minister of Industry has been looking at. To give the viewpoints of some of the students I will put on the record the observations of some of them as expressed to our daily paper, the Owen Sound *Sun-Times* of March 26. Here is one by a young man:

> I don't plan on working in Owen Sound after I finish high school because there is little opportunity for promotion. The pay is too low here when compared to the relatively high cost of living.

Another young man states:

> I would definitely not work in Owen Sound after completing high school. There is no future in this city for a young person and the wages are too low.

A young lady states:

> After completing high school I would not work in Owen Sound. There is no chance for improvement here.

[Mr. Noble.]

Another young man states:

> I wouldn't come back to Owen Sound to work because there is not much chance of promotion here or a good pay rate unless you are in a Government job.

Another young lady states:

> I do not plan to go to university but I am going to continue my education and become a medical recordist. I wouldn't return to Owen Sound to work.

These, Mr. Speaker, are the spontaneous views of these young people, and hundreds of others would answer likewise. To have these young people leave for greener pastures is a tragic loss to our community, and surely the Government will not continue to turn its head but will face up to this situation and make some effort to arrest this migration of our best community and nation builders, not only from their communities but from the country. We will be looking forward to the fulfilment of some of the promises in the Speech from the Throne which must surely be designed to help areas such as I represent.

The tourist industry is bringing millions of dollars to Canada but should and could be exploited more extensively. The Georgian Bay district is perhaps one of the best resort areas in the country. Not only does it excel in magnificent scenery, plenty of unpolluted water, clean sandy beaches, but it also has thousands of the finest summer homes to be found anywhere. Our rolling hills and abundance of snow in winter have made us famous as the possessors of the finest skiing accommodation to be found anywhere. However, Mr. Speaker, tourism in Western Ontario could increase one hundredfold if a national park was established somewhere in the confines of this great tourist country. We have non-productive areas available which would be ideal for park development. Such a park would provide recreation and camping facilities for thousands of people in the large centres to the south who cannot afford summer homes. This would certainly fit into the promise of a better standard of living for all our people. There should be no delay in such a worthy development.

I move now, Mr. Speaker, to a topic that is close to my heart. I speak of the production of mink in captivity, an industry that had Canada as its birthplace. Perhaps as an introduction you will allow me to quote an excerpt from a speech I made to our mink fraternity in August of 1964 which was reproduced in the *Fur Trade Journal of Canada*:

The story of the mink is a fabulous tale and one would have no difficulty writing an interesting book with the wealth of material that could be put together about this little prince of the fur empire.

My experience with mink began in 1929, and perhaps in this year of 1964 I might rate as one of the pioneers. Nevertheless, in that period of 35 years there has been a tremendous transformation from a very primitive kind of enterprise to one of the most scientific livestock operations in the world.

It is almost beyond the realm of our imagination to visualize the fur industry without the mink and the magnificent contribution he has made toward warming the hearts of the elite as well as bringing comfort and style to women of lesser means.

The mink has put many a man on easy street; he has built an empire that embraces many countries; he has spread his wealth into many facets of our economy, and has turned thousands of tons of what was once considered waste into pure gold. He is a wonderful little animal. Now can we preserve him for posterity? I do not hesitate to answer this in the affirmative.

It has been stated in these pages many, many times that the mink industry would sag and perish under the weight of numbers. On this score I fully agree—provided the industry continues to produce mediocre to poor quality in the present astronomical figures. But there is a way for the survival of this worthy industry. It is to steer a course that will get a large majority of our production into the upper brackets of our quality line.

There is no easy formula by which this can be accomplished—it is a matter of personal application. In first place I would put hard work; second, keen observation; third, intelligent management. These three requirements embrace a myriad of details, none of which can be neglected from the time a young mink is born until he has been delivered to the auction house.

In my opinion the days ahead hold much promise if we put our house in order. Competition will be keen, and when it gets real tough there will be a levelling-off process, which each time it occurs will tend to solidify the industry. Canadian mink breeders are not handicapped—we have a plentiful source of food, our climate is right; our home market is ever improving, and we have enough of the finest mink in the world to build better for the future. So, by and large, our fate and our future are in the hands of the man each of us sees in the mirror. It is the love of the game, with its challenge, that really supplies the extra incentive that leads to the top of the ladder.

This industry is not confined to Canada's boundaries. Many countries are now extensively engaged in the business, especially the United States, the Scandinavian countries and Russia. World production was approximately 18 million pelts for 1964. The 1,500 ranches in Canada produced about 1½ million pelts valued at $25 million at retail.

It can be fully realized from what I have said that we do have the fear of world overproduction and of competition that may make our export trade difficult. Canada exported $16 million worth of ranch mink pelts in 1964.

• (3:50 p.m.)

The mink industry has all the problems of any other livestock operation, as well as some others, because of its short history and the fact that mink may never become completely domesticated. Some of us find ourselves in unexpected dilemma because our source of food supply has been contaminated by the unlawful use of a drug. I bring this matter to the attention of the House because it is of great significance and becomes more so as our investigation progresses. All indications point to the fact that diethylstilbestrol has been used in the production of poultry from which the by-products were sold to a group of mink ranchers in Grey and Bruce Counties and used over a period of time to feed their mink.

The results, to say the least, have been disastrous. I can speak with some authority on the matter because our own herd of 2,800 females and 650 males was severely affected. After sperm checking live males and post mortem work on dead animals by qualified veterinarians, we found that most of our males were completely sterilized. There is no way of checking the live females, but females which died showed no ovary development. Our only chance of any reproduction was to bring in unaffected males from other ranches and hope that some of our females might be capable of bearing a litter. However, 1,000 females were not mated. The full extent of the loss will not be known until after the whelping season next month. One authority who has made a survey—this has been an independent survey—of the ranches affected estimates that the loss will be at least one quarter of a million dollars. Furthermore, veterinarians claim ranches may suffer from poor production for a three or four year period after being exposed to diethylstilbestrol.

Now, Mr. Speaker, I am deeply concerned about the welfare of the mink industry. I am concerned also about the health of our people who may be exposed to diethylstilbestrol contamination. This drug is being used for the production of beef cattle, hogs and sheep, but is not permitted in the production of poultry. However, I find it can be procured by anyone, with no strings attached. Diethylstilbestrol may be a wonder drug in the hands of a scientist or a doctor, but in the hands of a layman the results can be devastating, as has been demonstrated in the mink herds. Some control over the source of supply should be

exercised immediately, and sales should be confined to licensed people competent in the administration. Furthermore I would recommend that much more research be done on all sprays, pesticides and drugs used so freely and promiscuously these days with regard to their relationship to the health of humans and animals.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, the Speech from the Throne delivered on April 5 included many items of varying importance, but it was not as all-inclusive as some Members have claimed. There were significant omissions, and I propose to deal with one of the most important omissions briefly. I shall speak about the subject of the Canadian consumer and the complete absence of any mention of him in the Speech from the Throne.

First, just how important is the consumer in today's economy? At the present time the total value of goods and services produced in Canada is approximately $46 billion a year. Canadians have at their disposal for private spending about $27 billion a year. In addition to that they spend, through their Governments at all levels, several billion dollars a year. It is traditional to complain about taxes and Government spending, but I suggest that we may well receive better value for our money spent by Governments—in this sense I am speaking of Canadian citizens as public consumers—than we receive from our private spending or as individual consumers.

At least, at the level of Government, we have elected representatives who are in a position to scrutinize expenditures and bring the light of publicity on public spending. Further, it is generally true that Governments and other public bodies are sufficiently strong so that they have some power when they are making purchases for us. This is not so in our capacity as private consumers. In so many cases, it is the individual against the manufacturer or seller. Frequently, the contest is an unequal one, to say the least.

In the past, it was believed, according to conventional economic theory, that the consumer went into the marketplace to buy his goods and that sales and manufacturing were regulated by his choices. There was a companion doctrine which said: Let the buyer beware. I do not know if this ideal economic world ever existed, but it certainly does not exist today. It does not exist in this day of monopoly enterprise where a few giant firms can gang up on the consumer, not in this day when the extensive use of advertising and public relations techniques, reinforced by the application of modern psychology, has tended to make the producer depend, not on the real qualities of his product but rather on the skills of advertising specialists to present a favourable impression of his goods; not in this day when producers are wary of price competition.

It is not difficult to enumerate many examples of the problems of the modern consumer. Any housewife knows examples of false and tricky packaging, and the difficulty of determining the price per ounce or per pound of a product. I speak of the soap manufacturer who markets a box of his product weighing one pound three and a half ounces for 41 cents; a two pound eight ounce package for 82 cents; and a four pound six and a half ounce package for $1.40. Then, there is the toothpaste which sells for 39 cents for a tube of 44 grams; 61 cents for 82 grams and 94 cents for 162 grams. Different manufacturers use different sizes of boxes and tubes so that the purchaser has a difficult time determining which is the best bargain. We simply don't have enough mathematicians in this country to accompany each housewife as she wends her way through the supermarkets, trying to determine the price per ounce or per pound.

Then there are other complaints. There is the complaint we have heard for many years relating to the lack of standardization in clothes sizes. I noticed another was mentioned today. All Members receive the *Western Producer*, and in the copy for April 8 I noticed that Mrs. Plumptre, President of the Consumers Association of Canada was speaking in Calgary. I am going to quote these two paragraphs from the news report of her speech:

> She instanced garments and yard goods without labels to tell customers the type of fabric used in their manufacture and without instructions as to how to care for hem.

Later, in the same article I find this:

> Another project of C.A.C. concerned accurate labelling of "drip-dry" fabrics; some garments so labelled had been found quite unsatisfactory, and had not met the qualifications claimed on the labels. A set of symbols has been drawn up which will tell consumers how to care for these garments.

So we have these examples of the confusion which exists in the marketplace, confusion which the consumer faces every day. How do we know we are getting the best products a company can give us. Today there are for sale in North America steel razor blades which are much better than we have been able to buy in the past. It is important to note that these blades only came on the

North America market after a British company entered the field. How many dollars did we spend for how many years on inferior products when we could have had these better products? We don't know; and that is the point. We don't know how many manufacturers are not giving us the best products possible because it is not in their interests to do so.

The purchases of household appliances by Canadian families account for hundreds of millions of dollars every year. The term "built-in obsolescence"—that is, the practice of making products to last just so long and no longer—has become part of our vocabulary. Automatic washing machines today all have sealed mechanisms. If the unit stops operating it must be removed and, in most cases, a new unit is sold. I am told by persons who know these appliances that if a small hole were left so that the main bearing could be oiled periodically, they would last forever. As it is today, an automatic washer in constant use is expected to last about seven or eight years. If it lasts longer, you are lucky.

Again, on the same subject, I am informed that it costs some manufacturers money not to put a safety switch in their lower price models. They do this so that they can advertise the safety switch as a feature of their higher priced lines. Refrigerators, for example, used to have motors with compressors. These units would last indefinitely if the belt on the motor were replaced periodically. But this type of mechanism has not been made since the late 1940's. Today vibrator and diaphragm units are made. They are quieter than compressor type but they do not last as long. Generally repairs are not made; you must get a new unit.

• (4:00 p.m.)

The old doctrine of "Let the buyer beware" is no longer acceptable. The idea that the Government should protect the consumer has been accepted by the Western democracies at least to some extent. At this point I want to interject a definition of government which I have always liked, and it goes something like this: The act of people doing collectively that which they cannot do alone. In a real sense it is the co-operation of people in their own interest, not something imposed by a disinterested third party.

When this situation is examined, we find that the Federal Government does act to protect the consumer in a number of ways. The Food and Drug Act comes to mind immediately. We have a Weights and Measures Division. There are the laws concerning monopolies and restrictive trade practices. There is inspection of meat and eggs by the Department of Agriculture. The Departments of Fisheries and Agriculture each have Consumer Sections. Agriculture has fruit and vegetable inspectors. There are postal laws concerning false and fraudulent advertising. The Board of Broadcast Governors regulates advertising on radio and television. There are Federal acts to regulate interest rates. Last summer an Advisory Council of Consumers, reporting to the Minister of National Health and Welfare was appointed.

But we can do better than this. I realize that much of the power and responsibility in consumer affairs rests with the Provinces. In British Columbia trading stamps are not permitted. They were outlawed by the Legislature several years ago, an action supported by consumer organizations. Several Provinces are now studying the subject of the disclosure of true interest rates. In the British Columbia Legislature this session a Bill has been introduced by a private Member requiring standard measures in packaging so as to make comparative pricing easier in supermarkets. Although the Provinces have a considerable responsibility in this whole field of consumer protection, the Federal Government has a role to play—a greater role than it plays now.

In 1962 the late President John F. Kennedy sent a special message to the United States Congress on consumer problems. He made a number of recommendations for consumer protection to the Congress. He requested that more of the information already in the hands of Federal Government agencies be made available to the public. He pointed out that the research done for Government procurement purposes had already assembled a wide range of information which would be of immense use to consumers. In Canada there is the Department of Defence Production which purchases large quantities of goods for government Departments and the armed forces. Presumably this Department carries out quality tests on some of the products which it purchases. This information could be made available to the public by means of regular bulletins.

I am sure most of us are familiar with the bulletin issued by the Consumers Association of Canada. This is a very small magazine entitled *The Canadian Consumer*—a bilingual magazine. The organization carries out tests of many kinds of products and recent reports

have included the results of tests on thermometers, life-jackets, electric razors, steam irons, facial tissues and children's toys, to mention just a few examples. However, the Consumers Association has stated that it lacks testing facilities. It is obvious that they could render a greater service to Canadian consumers if increased facilities and technical services were available.

I note that in the budget of the Department of Finance there is an item of a $30,000 grant to the Association. I suggest that a healthy increase in this grant would enable this organization to do a more complete job of testing products and providing information to consumers. I do not know whether any of the Provincial Governments contribute or not. Certainly it would be in the interests of their citizens, were they to do so. In addition there are, of course, the United States magazines, *Consumer Report* and *Consumers Bulletin*. However, many of the products which they review are not sold in Canada, or the variety of the product in this country is different. So we do need the Canadian Consumer. I should like to see it enlarged and I suggest this is one way in which the Government could help the Canadian consumer, that is, by making a larger grant for this purpose. Speaking of the United States magazine *Consumer Report* I should like to mention that in the March, 1965, issue there appears an article concerning a bill introduced in the United States Senate by Senator Philip A. Hart of Michigan. It has to do with truth in packaging and the article mentions the problems the Senator is having with the food producing organizations—the lobby which they have been building up against the Bill which he has brought in.

Last year, on July 27, the Minister of National Health and Welfare (Miss LaMarsh) announced the appointment of an Advisory Council of Consumers. At that time I made the following statement on motions. It appears on page 5987 of *Hansard* and I should like to quote it on this occasion.

> This move to establish a consumers advisory council is a step, albeit a very small step, in the right direction. The minister must be aware that the Consumers Association of Canada and the Co-operative Union of Canada have both asked for a government department to handle the increased activity in this direction. It is interesting to note that we have a government department to look after practically every economic group in the country such as agriculture, forestry, fishing, mining and so on. However, consumers, who spend about $25 billion a year on personal goods in this country, do not receive the same sort of attention from the government as the other economic groups do.
>
> I think in time, as a result of pressure from the Consumers Associations, the Government will come to the point where a full scale department will be required to assist consumers in assessing the great variety of goods on the market at the present time. This is a step in the right direction, but it is a very faltering one, a very small step.

I want to emphasize again today the need to establish a Department of Consumer Affairs. We are very status conscious in this country. The fact that we have a Department of Fisheries is a recognition of the importance of the fishing industry. The creation a few years ago of the Department of Forestry was a demonstration that the Federal Government considered that this important Canadian industry required a Federal Department and Minister. The present Government saw fit two years ago to create a Department of Industry. I suggest that now is the time for recognition to be given to the Canadian consumer and that a Department of Consumer Affairs should be formed. The Federal Government should collect together all its present consumer services, plus any additional ones it undertakes, under a single Department responsible to Parliament through a Minister of Consumer Affairs. As I envisage it, this department could include the Food and Drug Directorate and much of the work of the consumer sections of the Agriculture and Fisheries Departments. Much of the work of the Standards Branch of the Department of Trade and Commerce would also be more appropriate in the new Department. Inter-departmental Committees should be established with other Departments to co-ordinate matters of mutual concern. One of the main reasons for removing food and drugs from the National Health and Welfare Department is the prospect of vastly increased work for the latter Department with the Canada Pension Plan, and the hope for a National Medical Insurance Scheme. Perhaps a more important, or more logical reason, is to remove the notion that the Government's interest in consumer affairs is so narrow as to be just interested in health and safety.

The Consumers Advisory Council appointed to advise the Minister of National Health and Welfare last year should be maintained but would, under the proposed re-organization aid the Minister of Consumer Affairs rather than the Minister of National Health and Welfare. In addition to its current functions, this Council should be given wider authority to take the initiative in advising the Minister on

current consumer problems and suggesting possible Government actions in respect thereto.

All of our economic activities are directed to one end—consumption. It is time that this important fact was recognized by the creation of a Federal Department and the naming of a Minister.

• (4:10 p.m.)

There is one other aspect of consumer affairs I should like to deal with. This has to do with the whole question of the Restrictive Trade Practices Commission and the Anti-Combines Act. We have been waiting for a very long time to see some change in this legislation; in fact, ever since the present Government took office. I kept quite a file on this subject. The first clipping that I have here is dated December 16, 1963. The headline reads, "Tougher Combines Measures Promised", and I will quote the first paragraph:

> Justice Minister Lionel Chevrier has promised to consider putting "teeth" into federal anti-combines legislation to strike at companies guilty of collusion, mergers or monopolies.

Again, in January of 1964, another heading, "Combines Change Looms". Nearly a year later, October 3, 1964, the heading reads, "Favreau Favors Law Change on Mergers". Then the following month, in November, "Seek Changes in Combines Legislation".

The Minister of Justice (Mr. Favreau) has made a number of speeches on this subject, and some of them were quite good. I have read them carefully and there is some very good content in them. He made some of them last year and I had expected there would be legislation by this year. In one of his speeches the Minister mentioned the difficulties of operating under the Criminal Code only; the need to prove conspiracy and how difficult that is. He mentioned the fact that his Department is exploring the possibility of non-criminal actions along the lines used by the Federal Trade Commission in the United States. That is all to the good. I have studied something of the operations of the Federal Trade Commission and agree that we could usefully follow some of the procedures which they use. It seems to me that that part of section 91 of the British North America Act which gives the Federal Government the authority to act to regulate trade and commerce should provide the scope for this kind of activity suggested by the Minister.

But even if the Federal Authority does find that it can act in the non-criminal field with respect to monopolistic practices, it is important to continue investigation of those cases which are of a criminal nature. It seems to me that conspiracies to maintain prices must always be of this type. Persons who engage in this type of activity are in fact robbing the public for their own profit, and they should be punished. Fines are not enough. Most of us recall the case in the United States about two years ago when officials of some of the largest electrical manufacturers were not only fined but imprisoned for conspiracy to fix prices. Then there are examples in the United States of civil cases to get damages from these companies. I do not think we have had that sort of thing in this country.

There is one other aspect of combines administration that I would like to mention. Ever since this Government came into office in April, 1963, I and one of my colleagues, the Hon. Member for New Westminster (Mr. Mather), have been asking questions about one particular report of the Restrictive Trade Practices Commission. This has to do with the question of tied sales, the practice of the oil companies forcing service station owners to buy their tires, batteries and accessories from designated suppliers. The Commission made a recommendation—this is over three years ago now—that the legislation should be changed. We have asked this question I think at least eight times in the last two years and the answer has always been "Under Consideration", "Under review", "An interdepartmental committee is looking at it". We asked this question again just last month. It seems very strange to me that with the help that must be available or can be obtained in the Department of Justice they cannot come up in three years with suggested changes to the legislation. It has been a very great disappointment that there has been no change at all; because the present Minister of Justice was a Member of the Restrictive Trade Practices Commission several years ago and is a man who should know this field very well.

Mr. Speaker, I would again express my disappointment that in the Speech from the Throne this very important subject of consumer protection generally has not been recognized by the Government. This is a subject which is of very great importance and will be of increasing importance in the type of economy which we have in the Western countries. The Government should give close attention to this subject. As I have mentioned before, it pays attention to all the different producer groups of the country; each has a

Department of Government—they have that recognition. It is time the Canadian consumer received the recognition that he deserves.

[*Translation*]

Mr. Yves Forest (Stanstead): Mr. Speaker, I also wish to congratulate the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the speech from the throne who magnificently performed their duties and proved that they are worthy of the trust which was bestowed upon them. A brilliant political future certainly awaits those two young members, and it is encouraging that our party can attract and rely upon young persons of such ability to plan and promote its innovating policy.

I also wish to pay a tribute to the right hon. Prime Minister (Mr. Pearson) who retains and will always retain the firm confidence of all the members of our party. Our people are certainly fortunate in being led, through these trying times of a crucial importance for the future of our country, by a statesman who, apart from enjoying the confidence, the esteem and the admiration of the whole world, understood better than anyone else the problems which arose and are still arising at the national level.

Mr. Speaker, before discussing briefly certain proposals contained in the speech from the throne, I should like to refer to the area which I have the honour to represent in this parliament of the nation. The riding of Stanstead is located in the heart of the eastern townships, one of the most picturesque regions in Canada and the third largest centre in the province, after Montreal and Quebec.

My riding is becoming increasingly urban although agriculture still plays an important part, while yielding to industrialization which should be given a new impetus by the recent improvements in the road system, the efficient operation of our industries, the leadership provided by our municipalities in making available industrial funds to facilitate the establishment of new industries, and also by the regional economic boards which can render tremendous services if they co-operate to carry out planned objectives.

On the other hand, Mr. Speaker, a problem is becoming more and more acute in my riding. The new activities continuously created are not adequate to meet the needs of our population and our region is losing through emigration, directly or indirectly, a good percentage of its population, especially members of the younger generation. The problem of creating jobs for our young people is very difficult to solve, and I note with gratification that the government is fully conscious of the problem we are facing to facilitate the re-employment of workers displaced by automation or affected by other economic changes and that it intends to encourage regional development and contribute to the industrial development of regions that are not developing adequately.

The eastern townships constitute an industrial, agricultural and forest region.

Our chief industry, especially in the two main centres of my riding, namely the city of Magog and the town of Coaticook, is the textile industry and the area has developed in step with that basic industry. It employs about 35,000 people in the eastern townships and today it operates again at practically full capacity and its production can be estimated at about $500 million per year. That goes to show how important is that industry, and I am confident that the Canadian government will always keep in mind the protection of that industry whose future lies upon well defined tariffs and realistic trade policies rigidly enforced by government authorities, in order to protect that important industry which ranks first in many towns in the province and the country and which, too often, suffered as a result of international trade deficits.

Granite quarries, among the most important in the country, qualitatively as well as quantitatively, are also operated in my riding.

A prosperous agriculture, national forest management will remain for a long time to come the foundations of the economy of our region.

All that cannot solve the unemployment problem but any recession in these sectors would complicate matters even more. A serious effort at regional planning would greatly help our farmers in the long run and responsible committees are now studying that matter under ARDA and they have already made recommendations.

The new measures to develop the economy of rural areas and the proposed amendments to the Agricultural Rehabilitation and Development Act are welcome and impatiently awaited.

The dairy industry, which is our farmers' main source of revenue, will derive benefits from the new dairy policy of the government, recently announced by the Minister of Agriculture (Mr. Hays), which should

guarantee farmers a higher price for manufactured milk used in this country.

The Liberal government does not merely pay lip service to agricultural problems but it is carrying out its election program so as to assist the farmers in this country, particularly eastern farmers, who have long felt neglected by the federal administration.

I should like, at this stage, to stress the importance of the Lennoxville experimental farm which was established in my riding as far back as 1914. It has gone a long way to solve the general agricultural problems and it is now directing every effort toward specialization, especially through the study of problems pertaining chiefly to our area. It has rendered great services and still does; and I hope the Department of Agriculture will earmark larger sums to allow it to play its part more efficiently since it serves a very large area.

There is also Bishop University at Lennoxville, a universally recognized institution founded in 1843, which has greatly expanded, particularly in recent years.

Another institution of higher learning is the University of Sherbrooke located at the boundaries of Stanstead and Sherbrooke counties. On June 6 last, it celebrated the tenth anniversary of its founding; it has grown tremendously; no less than 1,600 full time students are enrolled. The founders of this university had justly and wisely foressen the need for this institution whose good influence is felt throughout the area and even throughout the province.

Tourism plays an important part in our area with such attractions as Mount Orford park, renowned lakes, such as lake Memphremagog and mountains suited to the development of increasingly popular ski trails.

In Stanstead county nearly a third of the population is English speaking; the good feelings and mutual understanding that prevail there and everywhere in the eastern townships were often held up as an example for the whole country. This leads me to say that closer and more frequent contacts between the main ethnic groups would contribute considerably to lessen prejudice still existing, unfortunately, in various parts of our country.

Mr. Speaker, since it came into office less than two years ago, the Liberal party has carried out a good part of the program it presented to the people early in 1963. The atmosphere of confidence which replaced the inaction and indecision of the previous government, and the great number of long and short term measures passed by the government have revived the economy, reduced unemployment to its lowest level since 1957 and are getting Canada moving again as had been promised. However, there are, as in other prosperous countries, areas where the same impetus has not been felt. And the speech from the throne contemplates stronger action to provide for a more general economic development and further improve the social security system.

The report of the economic council of Canada has shown that within a few years, the main problem will be to find employment for an ever increasing labour force and that the present economic growth, although remarkable, will soon be inadequate to meet the needs.

The government has resolutely tackled those problems and, as stressed on several occasions in the speech from the throne, it will need the full co-operation of the provinces, which will be consulted in the new spirit of co-operative federalism. What was already included in our party's platform, which looked forward to a close co-operation between Ottawa and the provinces for the good administration of the country and the respect of their rights, in their own fields, in order to safeguard and promote national unity.

At a time when confederation is in danger, when dominion-provincial relations run the risk of growing acrimonious, this new federalism, based on interdependence of both levels of government, on consultation and co-ordination in the fields of joint jurisdiction, has proved its efficiency and has certainly preserved Canadian unity.

The agreements concluded between the central power and the provincial authorities do not constitute defeats or victories for either level of government, but increase the flexibility and strength of our Canadian federalism. There should be a fair balance of rights and powers to ensure the survival of our country, and this new formula will achieve it if all our leaders continue to apply it with fairness, patience and good will. A strong and prosperous province of Quebec needs a powerful and dynamic Canada.

As the Prime Minister was saying in his masterly speech of Tuesday last:

> A healthy federalism, a co-operative federalism is one in which the two levels of governments both fulfil their own responsibilities; and respect each other's, but they do so taking into account their mutual concerns.

The voice of reason and common sense has indeed found its echo among us. In spite of

the outcries of a very small minority, the vast majority of the Quebec population only want unity and progress for the whole of Canada, as well as order and respect for the rights of everyone throughout Canada.

In the Speech from the Throne, the government also announced other plans for strengthening Canadian identity, in order to develop further a real national consciousness, a legitimate and natural pride in our country.

Following the adoption during last session of a distinctive national flag, a symbol now flying all over the country and throughout the world, which identifies our country as an independent and sovereign state, we shall soon have a national anthem, "O Canada", which, I hope will be adopted without a long and acrimonious debate, the text being modified to some extent perhaps, in order that the same feeling be expressed in both languages.

The Speech from the Throne provides also for an address to the queen in order that the constitution may be amended here in Canada, according to the formula finally agreed upon unanimously by the central government and the provinces, last October. The formula adopted following long discussions which started in 1927, is evidently a compromise, and as such cannot give satisfaction to everybody.

I do not have the time now to discuss this question thoroughly, but it seems to me that it should be debated realistically, without partisanship, bearing in mind that even though the formula may not be perfect for everybody, it represents at the present time the best solution to the problems of constitutional changes and is only a basis or a first step toward the possible drafting of a new constitution.

As Premier Robarts of Ontario said recently:

• (4:20 p.m.)

[*Text*]

This is where you must start; you cannot do anything until you make that start.

[*Translation*]

The white paper clearly indicates that, during the various conferences, there never was any doubt as to the main objective, which was to find a way of submitting all aspects of the constitution to the Canadian legislative authorities, so it could be amended, repealed or replaced. Therefore, there is no barrier or obstacle here that would prevent any changes from ever being made to the constitution. In any case, such changes are seldom the result of a formal amendment, as we are taught by the constitutional history of the other federal states.

It is interesting to note that constitutional law is flexible to the point where court orders can have, on statutory provisions, a declaratory effect equal to that of an amendment. A case in point, the judgment of the privy council in 1937, on a federal social measure, where it was decreed that all legislation dealing with unemployment insurance, a weekly industrial day of rest and hours of work, came under provincial jurisdiction.

The constitution was also amended in the past by customs or conventions which have become binding or accepted with time. Measures passed by parliament have often had the effect of amending the constitution when not disallowed by courts of justice. I also point out that the formula confirms in writing what had moreover become a practice established and followed for several years respecting amendments which might affect the federal balance. The new climate prevailing in Canada in the federal-provincial relations and the spirit of justice and good faith which will surely actuate the Canadian parliaments or legislatures should ensure in the near future a move toward a constitutional reform adopted in Canada and for Canada, in accordance with present needs.

Mr. Speaker, I was pleased to note in the speech from the throne that the government intends to amend the Bankruptcy Act. I hope that major amendments will be made to provide for more stringent controls on the administration of bankruptcies.

The number of bankruptcies has been continually increasing since 1950 and, in 1963, they numbered 3,678 with a total liability of nearly $194 million. This shows the seriousness of that problem in the economic life of our country. To my mind it seems obvious and fair that this act and related acts should be revised in keeping with the needs of our times. In December 1963, during consideration of his estimates, the then minister of justice stated without hesitation that that act should be amended, that as it stood, it was in some cases inefficient to say the least; he assured the House that it was indeed being considered by his department's officials. Members of the bar and a great number of businessmen, associations, unions, etc., passed resolutions to that effect or sent briefs with recommendations along this line.

Actually, the Bankruptcy Act goes back to 1920. It was amended at various times before being completely overhauled in 1949.

No change was made to it for the past 16 years. Time and experience have now shown that major amendments are required so as to prevent fraudulent bankruptcies. Unfortunately, the act sometimes falls short of its main objectives, which are to remove part of the burden borne by honest but unlucky or ill-fated debtors and to protect creditors by providing for the best distribution of the bankrupt's assets. It will be argued that creditors fail to take advantage of the means put at their disposal by the law but, in most bankruptcies, available assets are not large enough to justify the long and difficult investigations and the costly and complicated proceedings which are required in cases of suspected unlawful acts and irregularities.

Out of the bankrupt's estate, trustees have to pay fees to the government for the administration of this act and a special department, under the supervision and direction of the superintendent of bankruptcies, should be set up to make the necessary investigations and, if necessary, take legal action every time a violation of the law is suspected; furthermore, special counsel thoroughly familiar with all the problems arising out of the administration of this act should be appointed. I think the most important thing to do would be to appoint one or several qualified and specialized employees in each bankruptcy or judiciary district, as required, to replace present trustees, and these should be their sole duties. They should be well paid and have no other interest or concern but to settle, as quickly as possible and in the best possible way, bankruptcies or liquidations under their jurisdiction; I believe this would put an end to practically all the abuses which often occur under the present system.

In spite of the heavy and important Liberal government legislative program, I hope priority will be given to this legislation which constitutes an integral part of our economic activities. We are most anxious to find out, when the bill is introduced, what exactly the government has in mind.

Mr. Speaker, parliament will be considering a program which shows that the government intends to carry out its welfare policies for the benefit of the various segments of our population.

With flexible regulations more adapted to our times, it will now be up to parliament to consider and approve, if necessary, anything which will pave the way for our beloved country to continue on the road to progress, our country that we love so much and that gives us so much in return, considering its immense resources and its promising future.

• (4:30 p.m.)

[*Text*]

Hon. Gordon Churchill (Winnipeg South Centre): Mr. Speaker, before entering into the debate on the subject matter now before us, I should like to extend my congratulations to the Mover and Seconder to the Address in reply to the Speech from the Throne to which I listened with interest. They made very able contributions to the debate in this Chamber.

At the same time I should like to congratulate the hon. Member for Westmorland (Mrs. Rideout) who, in making her maiden speech yesterday, successfully surmounted a most difficult hurdle that faces a new Member of Parliament. I thought it was a very good speech which added a considerable contribution to this debate.

I am afraid I will not be able to continue in this pleasant vein, Mr. Speaker, because my purpose in rising this afternoon is not to congratulate the Government, as I should like to do if it had been more effective, but I speak at this time because of certain statements made by the Prime Minister (Mr. Pearson) on Tuesday. I regret very much that he is not able to be here this afternoon because I do not like to speak of individuals in their absence. However, I have no control over the attendance of Members of the Cabinet, which is now represented by only one Member in this Chamber, and because I cannot defer my remarks until such time as the Right Hon. Gentleman is present I shall proceed.

The Prime Minister when speaking on Tuesday made an attack upon the Leader of the Opposition (Mr. Diefenbaker), during the course of which he drew my name into the arena. At that time I had formed no intention of taking part in the Throne Speech debate, but now I find that I must do so.

To indicate what took place on Tuesday I should like to read from the Minister's statement as it is recorded on page 32 of *Hansard* for April 6, 1965. The Prime Minister is reported as having said:

> Who was the man who praised his right-hand man in the front benches for introducing into this House and in *Hansard* a forged document which was designed to get us into trouble with our neighbours?

• (4:40 p.m.)

I considered that was a very serious allegation, Mr. Speaker, and I immediately rose and said:

Mr. Speaker, I rise on a question of privilege. The Prime Minister has not proved that it was a forged document. What he is doing now is smear by innuendo.

The Prime Minister replied:

Mr. Speaker, if my hon. friend tells me that it is not a forged document or that he did not know that it was a forged document at the time, I will be glad to apologize to him. He has not taken the opportunity to do so, Mr. Speaker.

The reference of the Prime Minister, of course, was to the so-called Butterworth letter which I read to the house on May 27, 1963. I wonder a bit at the Prime Minister's raising this subject again after a lapse of two years. What is troubling him? Is he ready to clear up the matter? Has he some additional information that he can give the House? Frankly I would welcome clarification. Or is the Prime Minister just indulging in a smear campaign? I said it was a serious allegation that the Prime Minister made, and he then requested me to answer certain questions of his. I am under no obligation to answer those questions. I am not obliged to deny anything. I read that letter into the record. I made no accusation; I made no charge. I simply disclosed for public information a copy of a letter which had reached me after the election campaign in 1963.

An hon. Member: For what purpose?

Mr. Churchill: I have done nothing to deceive the House. I am not being charged, I hope, with contempt. It is only when an Hon. Member, with deliberation, deceives the House of Commons that he can be charged with contempt. As May on Parliamentary procedure puts it, if what he does that is a subject of criticism is done deliberately and with intent to deceive, he may then be accused and he may be dealt with by the House of Commons. But it is within the right of a member to make public information that comes to him, and that is exactly what I did. I gave the Government the opportunity to make a complete answer over a period of two years. Why was this not done? What is being covered up?

I should like to see the record cleared, and that is why I make no apology this aftenoon for dealing with this particular subject. It has been opened up by the Prime Minister and I should like to know why he opened up the subject again. I suggest that we might retrace our steps for a few minutes and examine what happened two years ago. In the course of the speech I made on May 27, 1963, I dealt with American comments on United States interference in the Canadian election campaign of 1963, and I gave four quotations on that subject from what I considered to be reputable Americans. They raised it in their columns. On page 318 of *Hansard* for May 27, 1963 you will find the quotations which I used on that occasion. The first one reads as follows:

Doris Fleison writing in the Washington *Star* says, "It could just be that some well-meaning friend here decided to give Mr. Pearson a hand. Precisely that suggestion is going the rounds with a rather important name attached."

The second quotation was from the Chicago *Sun Times* and reads as follows:

The issue is political in Canada. The American press release seemed to correspond with the position of Diefenbaker's political opposition, Liberal Leader Lester Pearson...For our part we hope Washington hasn't committed a diplomatic Bay of Pigs with our friends the Canadians.

My third quotation was from Mr. Walter Lippmann, a very distinguished writer who commands a great deal of respect throughout the world. This is what he wrote:

American dealings with the Canadian Government have no doubt been complicated. But the crucial issue is the same one which has disrupted American relations with France and shaken the whole western alliance and has alienated the U.S. from General de Gaulle.

It was a thoughtless decision to embroil the U.S. with Ottawa in a relatively minor aspect of the great issue which is posed from Paris.

My fourth quotation was from Mr. Richard Starnes of the Scripps-Howard chain who wrote as follows:

Adroit statecraft by the American State Department brought down the bungling, crypto-anti-Yankee Government of Prime Minister John Diefenbaker and replaced it with a regime which promises to be faithful to the concept of Canadian-American interdependence...American intervention was coldly calculated to do precisely what it did, and it was a brilliant success.

Those, Sir, are American comments on alleged American interference in the Canadian election of 1963 and that is the subject with which I was dealing on May 27 of that year. At that point I asked this question:

How coldly calculated was it by the State Department? In the brief chronological summary that I have given, there should be inserted a letter dated January 14, a copy of which I received in the mail.

I then read that letter to the House.

Mr. Moreau: Would the hon. Member permit a question?

Mr. Churchill: No, I am not answering any questions at the moment. I simply read that letter so that it would be a matter of public

knowledge, and it gave the Government an opportunity to deal with the matter. Nobody in the House of Commons dealt with these comments I read from American critics of the alleged American interference in the Canadian election, but they seized upon the letter which I read into the record. It is interesting to note the turmoil that arose in the House of Commons on that day. The Secretary of State for External Affairs (Mr. Martin) rose in great wrath as the dean of the House of Commons and made this statement as found on page 319 of *Hansard*:

I greatly suspect that what the hon. gentleman is now doing, and he is doing it with knowledge, is that he is reading a letter which he knows to be an absolute forgery.

An hon. Member: Hear, hear.

Mr. Churchill: Somebody says "hear, hear". The dean of the House of Commons made that statement which subsequently he had to withdraw abjectly, of course, because you cannot abide by the rules and make such an accusation against any hon. Member in this House.

Mr. Greene: You have not denied it.

• (4:50 p.m.)

Mr. Churchill: He was assisted by the then Minister of Transport and there was some dispute and points of order raised. Finally the Deputy Speaker, as reported on page 321 of *Hansard*, gave his decision in these words:

I do not believe the hon. member for Winnipeg South Centre has to deny anything.

That, Sir, is the situation in the House of Commons; that is the custom and that is the rule in this House. Hon. Members are not obliged to deny careless statements that may be made by people on the opposite side of the House.

I thought that would end the matter. Now the Prime Minister has raised the issue again. Of what is he afraid? Is it the prospect of an election campaign? Is he fearful of comments by Americans, such as the ones I have quoted this afternoon? Is he fearful that in the next Canadian election campaign these people, Doris Fleison, Richard Starnes, and Walter Lippmann may refer to the campaign of 1963 and may express a wish that there shall be no American interference in a Canadian general election?

Additional information has come to my attention since May 27, 1963. Victor Lasky, who wrote a book entitled, "JFK: The Man and The Myth", a critical study of the Kennedy administration directed to the American people, certainly not the Canadian public because it deals almost solely with United States matters, uses these words on page 555:

Then, all of a sudden, to the amazement of most Americans, the United States found itself in an unseemly row with its indispensable close neighbour, Canada. The United States, through a misguided State Department press release, brought down the government of Prime Minister Diefenbaker.

This is a statement by Victor Lasky, a distinguished writer in the United States. Then, Mr. Frank L. Kuckholm wrote a book entitled, "What's Wrong with United States Foreign Policy", a book written for the United States public and not for the Canadian public. On page 186, I find this sentence:

The United States government, on the other hand, forced the crisis in Canada which led to Lester Pearson's assumption of the leadership.

Now, I ask you, what is the Prime Minister afraid of? Is he afraid of American comment in the future along these lines?

I want to deal, Sir, with the so-called Butterworth letter, and put before the house the type of information which has been provided. I have already mentioned the intervention of the then Secretary of State for External Affairs and the then Minister of Transport, who shouted out in this house, "It is a forgery". The Prime Minister, as reported on page 322 of *Hansard* for May 27, came storming into the House to deliver himself of these profound remarks:

When this letter was brought to my attention, or a report of it, during the election campaign I let it be known then that I had received no such letter, and the United States ambassador let it be known that he had sent me no such letter.

Now, listen to this:

My hon. friend opposite must have known that, and therefore the letter was a forgery; of course it was a forgery.

The Prime Minister says, and Mr. Speaker you may use this in the future, that if you hear of a letter being sent to you and you do not receive that letter, then that letter is a forgery. Now what type of evidence is that? Two years ago the people and this House might have accepted a statement along that line from the Prime Minister without question. Two years later, there is uncertainty in the minds of members of this House and the people of this country with regard to some of the statements by the Prime Minister. On December 17 last year, 102 members of this House, in a recorded vote, expressed their uncertainty with regard to a statement made by the Prime Minister, an unprecedented

action in Canadian history. This is the evidence given to us by the Prime Minister. I did not receive the letter, therefore it is a forgery. What nonsense.

An hon. Member: What about the Ambassador's denial?

Mr. Churchill: Thank you very much for reminding me of that. The Ambassador issued a statement, and I will put it on the record because I do not believe it has appeared on *Hansard*. No Member of the Government defended the Ambassador in this House. Here is what he published in the newspaper:

> The alleged letter from me to the Prime Minister, the purported text of which I understand was read into the record of the House of Commons this afternoon, is a complete forgery. The forgery was brought to my attention during the recent election campaign.
>
> I notified the then government that such a forgery was being circulated, and denied to enquirers who asked me about it at the time, that I had ever written any such letter. I reiterate the denial.

This is the sum and substance of the Ambassador's statement. There we are, Mr. Speaker. The Prime Minister said: I did not get the letter, it is a forgery. The Ambassador said: It is a complete forgery. Then the propaganda machinery of the Liberal party saw to it that I was condemned: I should not have raised this issue in the House of Commons. After all, the Prime Minister said if you do not get a letter, it is a forgery. He had not received this letter, and therefore I should not have read it in the House of Commons. So I was condemned all across the country for disclosing this information. There was an investigation instituted by the then Minister of Justice, Hon. Lionel Chevrier. On July 15, Mr. Chevrier, in answer to a planted question, gave this reply as recorded at page 2182 of *Hansard*:

> Mr. Speaker, I do not know that it is the practice to make these reports public, but I can say rather summarily what the report did contain.

This is the R.C.M. Police report.

> The investigation revealed first of all that there is no evidence that either of the two machines in use by the Ambassador's office at the embassy of the United States of America in Ottawa was used to execute any portion of the questioned typewriting.

There are just two machines, so a little foreign aid is required here. Perhaps they should have three or four. It does not say whether they were new machines or had been in use three or four months. I continue to quote:

> Next, there is evidence to indicate that the paper comprising the covering letter and its envelope are products of an English firm. Finally, there is no evidence to indicate that the original of the photo copy was a composite or montage, but photographic techniques used in its preparation could obscure such evidence.

This was the result of the R.C.M. Police inquiry. What instructions did they get? What did they investigate? Were they called off? Did he finally decide it was an administrative matter which should be referred to the Postmaster General, because it was a letter and there might have been a stamp on it?

• (5:00 p.m.)

You will be interested to know that no question was asked me by the R.C.M.P.; no examination of the copy of the letter in my possession was ever carried out. The R.C.M.P., the Department of Justice, have no idea whether the copy in my possession is typed, or whether it is handwritten, or whether it is a photostat. They do not know whether it was mailed in New York or in Washington or in Ottawa; they do not know the country of origin of the paper upon which it appears. In short there was no investigation at all of the copy I admitted I had in my possession—no investigation at all. It is somewhat strange that the then Minister of Justice (Mr. Chevrier) did not consider it necessary to have an investigation made.

I have reported what was said by the Prime Minister and by two Ministers of the Crown as well as by the Ambassador. I have disclosed, as did the Minister of Justice, the abortive and incomplete investigation carried out by the R.C.M.P. When you have as little information as this, you must refer to the press.

I examined rather carefully as many of the press stories as came to my notice, and I discovered that some of the gentlemen of the fourth estate had a little more information than was given by Mr. Chevrier or by the Mounted Police. I cannot refer to all of them but I do not think Mr. Blakely would object if I were to refer to his account in the Montreal *Gazette* on May 29. I quote:

> Informants say one flaw in the document was that in assembling the photographic stages the physical proportions of letterhead, type and signature were thrown out. The photostat, reproduced to the normal size of U.S. Embassy notepaper, would have the document's text running off the normal-sized page.

This was new and important information. In the *Star Weekly* magazine of October 26 a feature article by Don Peacock appeared,

and in the course of that article he had this to say:

> But the giveaway was all in the body of the letter. Aside from the atrocious writing style, the contents were too long to fit on an actual-size-sheet of the embassy stationery of which the photostat purported to be a reduced copy.
>
> By typing out the letter with the same line lengths, spacings and margins as were used in the photostat, embassy officials found the stationery about five lines too short.

Then, further on, he said:

> The Mounties made the same typing test with the purported stationery as the embassy had and with the same result that the officials obtained: The "letter" was too long for the paper.

May I just summarize the so-called evidence at this point? There is the statement of the Secretary of State for External Affairs, and the statement of the Minister of Transport (Mr. Pickersgill) who simply said the letter was a forgery. There was the statement of the Prime Minister that he had not received such a letter and that therefore, of course, it was a forgery. There was the Ambassador's statement that he did not write the letter, and then the evidence which the press obtained from informants that the letter when typed out on normal sized stationery ran over the page.

How conclusive is this evidence? May I suggest to people who are interested in investigating this matter at this late date that they should try doing two or three things. First they might type the letter on paper measuring eight and a half by twelve and a half inches. They will find that it fits. I had this done. It occurred to me that perhaps the letter had been written on stationery larger than the article which I have quoted called normal size. I have known for a number of years that there are several sizes of stationery used in offices—eight and a half inches by nine inches, eight inches by ten inches, eight and a half inches by eleven inches—and eight and a half inches by twelve and a half inches. Type out the letter on a sheet measuring eight and a half inches by twelve and a half inches and you will find that it fits perfectly.

Then I would suggest to an investigator that he take a photostat of the letter written on a sheet of paper of those dimensions and reduce it to the size of four and a half inches by seven and a half inches. He will find he has a photostat which corresponds to the photostat which was printed in some of the newspapers—the same size and the same spacing.

Then I suggest that if anyone is interested he might ask the United States Embassy to give him a sample of the embassy stationery measuring eight and a half inches by twelve and a half inches with the seal of the United States in the upper lefthand corner and the words "Embassy of the United States of America" embossed in the upper righthand corner. If they have not used it up by now they may have some left over from 1962-63. An investigator might also want to ask the Secretary of State for External Affairs whether by any chance there has been any correspondence with his office over the years in the course of which stationery measuring eight and a half inches by twelve and a half inches was used by the United States Ambassador.

I took one of these elementary steps and I found that the letter did not run off the page. So what credence can one place in these stories from informants or from the Mounties—if that is accurate—that the letter must obviously be a forgery because it is greater than the size of the normal stationery? The Grit propaganda machine got working on this at full blast and I was subjected to editorial comment and attention in various articles, all because the Prime Minister said the letter had not been received and that therefore, of course it was a forgery, and because informants said that when typed out it ran over the page. I do not know how long evidence of that kind would stand up in a court of law.

There are some interesting questions which could be asked, and I wish the Prime Minister would clear them up. After all, he raised this issue; he re-opened it. I ask him this: If the letter was a forgery, why would a letter dated January 14 not become available in January, February or March if it was intended for use in the election campaign? I ask a second question: was the letter ever intended to be sent to the Prime Minister or was it a useful document for fund-raising if shown to the right people at the right time, indicating powerful support for the Liberals? I ask a third question: Perhaps the Ambassador had nothing to do with it. He issued a statement, but no Member of the Government defended him here in the House of Commons.

Far be it from me to question anything that an Ambassador states or writes but I note on looking carefully at his statement that he simply says: "It is a complete forgery. I deny that I have ever written any such

letter." I am not questioning the Ambassador's statement but in similar circumstances I would have said: "I have never written such a letter; and I have never dictated such a letter; such a letter has never been produced by my secretarial staff and I have never signed such a letter." That is the type of statement I would have issued in those circumstances.

• (5:10 p.m.)

Another question: Was it just an ambassadorial indiscretion?—for this has happened with ambassadors. There is the famous case at the close of the nineteenth century, when a British ambassador wrote a letter which was used effectively in a Presidential campaign in the United States. Grover Cleveland was very seriously annoyed and the British Government was very seriously embarrassed. There was an ambassadorial indiscretion committed in this country in 1956, and if you look at the *Globe and Mail* for Wednesday, April 18, 1956, you will find—

Mr. Deputy Speaker: Order. I regret that I have to interrupt the hon. Member, but his time expired a few minutes ago; unless he has the consent of the House to continue.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Churchill: Have I the agreement of the House, Mr. Speaker? I can finish in just a couple of minutes.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Deputy Speaker: There is not unanimous consent, I regret.

An hon. Member: They don't want to hear the truth.

An hon. Member: Ain't it the truth!

Mr. Smallwood: Go back to the beer parlour.

Mr. Flemming (Victoria-Carleton): They can't stand the truth.

Mr. Deputy Speaker: May we have order, please. The hon. Member for Fraser Valley.

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, as is customary, the debate currently taking place is covering a wide range of local, regional, national and international problems. The Speech from the Throne itself sets the stage for such a broad discussion. Although it is traditional that very few details of proposed legislation are indicated in the Speech, I think this one is so general in nature that it is very difficult to know just what may be forthcoming. However, as we look over the Speech from the Throne we find that there are a great many items of real interest, and I believe that in one sense it does indicate that the Prime Minister (Mr. Pearson) and the Government is interested in the development of human resources, as is indicated in the Speech.

Throughout the various debates that are held in this House we find constant reference to the need to conserve and develop our natural resources, and I believe this is very important. Too many times we have found that criminal waste has taken place as far as natural resources are concerned. We have had to face the alternative of revising our legislation, revising our concept of the problem, or else facing the inevitable consequences of our neglect. However, if it is wrong —and I am sure we all agree that it is—to neglect the proper conservation and development of natural resources, then I believe it is doubly criminal if we are to in any way fail to develop and conserve our human resources. This would be, I believe, the repudiation of the basic principle of democracy.

Someone has said that it is every person's desire to be somebody, to be recognized as an individual and to make a contribution to the age in which he lives. I believe this is basically true. However there are certain things that somehow or other tend to minimize the importance of the individual. I suppose that the very magnitude of the universe in which we live and the fact that so many of its vast secrets are being revealed to man today somehow tend to dwarf the individual. Then we think of the society in which we find ourselves, in which we are pretty well classed, not as individuals with a name but as a unit with a number. This, perhaps, also tends to submerge the individual in the mass of mankind. But in spite of this I believe that the individual, his needs, his aspirations, his capabilities, his welfare must be the paramount concern of those who occupy places of responsibility and leadership.

Therefore I would say that one of the basic principles of our democratic society must be that the individual be assisted to achieve a full and abundant life through the exercise of personal initiative and the assumption of individual responsibility. Every person must have a constitutional right to live his own life, make his own decisions, develop his own personality and pursue his own activities,

provided that in so doing he does not infringe upon the similar rights of others. I would like to think that this document which we have before us today in the form of the Speech from the Throne is a recognition of this fact and expresses the desire and the determination of the Government to do something worth while in assisting in creating the kind of economy and the kind of society that will enable the individual citizens of Canada to achieve their true greatness as individuals and not just as a unit of a larger organization. Therefore, Mr. Speaker, this afternoon I just wanted to make reference to that particular aspect of the Speech before I enter into some of the more specific recommendations and specific proposals that have been made.

There is one that perhaps fits in very closely with this idea of the development of human resources and the development of human personality. That is the reference in the Speech from the Throne to the desire of the Government to establish new legislation as far as our Indian people are concerned. I know this has to do mainly with material things, but it does recognize the fundamental rights of the Indian people of this country. I refer to the Indian Claims Commission that is to be set up. Now, Mr. Speaker, I realize that the need for such a Commission has been constantly urged upon the Government; it has been urged by representatives of the Indian people themselves, by organizations that are concerned with the welfare of these citizens of Canada, and also individuals who on their own have given some thought and consideration to the problems that these people are facing.

In 1963 a bill was introduced in the House, Bill C-130; it was introduced for first reading on December 14, 1963. The purpose of this measure was to try to undo some of the injustices that had been perpetrated in days gone by. But unfortunately we did not get very far with that particular measure, or with many other measures for that matter, and now we find that once again the Government has indicated in the Speech from the Throne that they will be introducing a bill to establish an Indian Claims Commission. Following the introduction of Bill C-130 a great deal of study went into that particular document, and at conferences of Indian people that were held across the country a great deal of consideration was given to the various clauses. It was felt that if this was to really be effective in solving these problems and in dispensing justice to the Indian people, a great many amendments would have to be made. These were submitted to the Government as well as to various Members of Parliament—I suppose, to all Members of Parliament—and I trust that in the drafting of the new legislation the Government will take into consideration the briefs that were presented by the Indian people themselves and by other interested organizations, and will see to it that the very best possible piece of legislation will be introduced with a view to meeting the requirements of and solving the problems in this particular connection.

• (5:20 p.m.)

I believe there is a new conscience being developed with respect to the needs of our Indian peoples. We must recognize their aspirations, we must recognize their abilities and we must recognize their rights. If we are to fulfil our responsibility and recognize the basic principle that all men are equal, then I believe we must do something definite and positive to meet the needs and to solve some of these problems which have been of such concern to the Indian people down through the past years.

There is one matter to which I should like to refer which is not included in the Speech from the Throne, although perhaps it is in some indirect manner. I refer once again to the problems we are facing in my own constituency with respect to the Fraser River. On February 28, 1964 I dealt with the recommendations of the interim report of the Fraser River Board and urged action. I should like to refer briefly to what I said in *Hansard* on that occasion, as reported at page 381:

> Now, Mr. Speaker, we have this problem outlined for us. The board introduced an interim report in 1956 which contained specific recommendations which it felt were necessary and advisable at that time. The thing that concerns the people of the lower Fraser Valley at the moment is that in spite of the fact specific recommendations were made nothing has been done up to this time. We have been advised that the final report of the board will be brought in some time this spring, possibly in March. It is our hope and expectation that as soon as this report is introduced the governments concerned, both provincial and federal, will give immediate attention to it and will endeavour to work out a satisfactory solution to these problems.

As I pointed out, Mr. Speaker, that statement was made on February 28, 1964. The final report was prepared and tabled in the month of March. The question I should like to ask at this time is: Just how much progress has been made up to the present in carrying

out the recommendations of the Fraser River Board? I recognize the fact that considerable study would have to be put into the problem. Engineering studies and all these other things would no doubt take time. But one year later we still face the situation where nothing tangible or concrete has been done to meet and to solve the problems in that particular field.

Last Spring saw the danger point reached once again. There was great fear in the minds of the people in the area that once again they would be faced with, perhaps, a repetition of the flood of 1948. The farmers of this area suffer heavily from seepage through the dikes. At one place there was a break in the dikes. We are now moving toward that time of the year when once again we face the possibility of a recurrence of this situation. As I have pointed out, apparently nothing concrete has been done up to the present to attempt to eliminate the possibility of this situation developing once again.

Mr. Laing: Would the hon. Member permit a question?

Mr. Patterson: Yes.

Mr. Laing: May I ask whether the hon. Member is not aware that the Federal Government made the first approach to the Minister of Lands and Forests of B.C.; that we committed ourselves to 37½ per cent of the $4,900,000 involved to raise the dikes in the Fraser Valley; that subsequently Mr. Williston, the Minister, called a meeting at Mission of the municipalities interested, and that the municipalities refused to accept their 25 per cent? Further, in respect of the Harrison area where the flood occurred last year I would ask the hon. Member to recall that we have made an agreement with the Provincial Government to proceed immediately, irrespective of the total job in the Valley, to repair the dikes at once and that that work is now under way.

Mr. Patterson: Mr. Speaker, I recognize the fact that these matters to which the Minister has referred have come about, but I would say with regard to that one particular problem, the matter of the dikes, that it did take a very long time to receive a reply and for something concrete to be done. I was speaking to the municipal authorities and they were very concerned. They said that if they were going to meet the problem and repair and strengthen the dikes so that they would not be faced with the same situation again, the Government would really have to get cracking. I appreciate the fact that this agreement has been worked out, but I am not laying the blame altogether on the Federal Government. However, I would say once again, on behalf of the people of that particular area who face the danger of flooding, that we would expect both Provincial and Federal Governments to act with dispatch in solving this problem and bringing relief to this particular situation.

I should now like to deal with another problem, which is the main problem to which I should like to make reference today. I refer to the allusions in the Speech from the Throne to agriculture. There seems to be quite a section of the Speech from the Throne devoted to agriculture legislation. Part of the Speech reads as follows:

> My Government is developing new policies to enable farmers generally to achieve larger and more reliable incomes so that their living and working standards will be comparable to those enjoyed in other sectors of our economy.

This is setting out, I believe, the main objective in the mind of the Government regarding agriculture and agricultural problems.

If we look back to the last Speech from the Throne we find that reference is made to agriculture and some proposed legislation. But no matter how much pressure was put upon the Government and no matter how many recommendations were made, it did not seem as though we got around to considering the agricultural problems as such. Therefore, I hope that the measures forecast in the field of agriculture in this Speech will receive better treatment from the Government than did those included in the Throne Speech of last year. These references are very general. There is no indication just what specific measures will be taken or recommended, but we will await the details with a great deal of interest.

As we all know, Mr. Speaker, agriculture remains an industry basic to our whole economy. No matter how much industrialization takes place and no matter how much development in secondary industries takes place, agriculture remains the basic industry of this great nation of ours. In the carrying out of the activities in this particular area, our people face a great variety of problems; but it just seems as though the farmers cannot forecast or anticipate them.

They never know just which ones they will have to face from year to year. I think of my own constituency in the Fraser Valley, and of others which are facing the same problems.

Last fall once again the fruit growers faced a very heavy frost which destroyed a great portion of the strawberry plants.

• (5:30 p.m.)

They have been trying to figure out ways and means of reestablishing or rehabilitating the industry. They have made representations to the Provincial Government and have been successful in obtaining some assistance, but when one thinks of the assistance given to the agricultural industry in various parts of Canada by the Federal Government it seems that there should be some way in which these people can be assisted by the Federal Government, as well as by Provincial authorities. This is just one of the difficult and uncertain problems which faces the agricultural industry across this nation today.

In addition to those problems, Canadians in the agricultural industry today must face the difficulties created by a general increase in the cost of production and a decrease in net income. This problem has never been solved. It has been discussed and studied from many angles, but to the present date no solution has been found. I hope that the Government in fulfilling its promises contained in the Speech from the Throne will be able to come up with some worth-while solutions to this problem.

At this time I should like to refer to several measures referred to in the Speech from the Throne. It contains a forecast of an expanded program in respect of agricultural manpower. Such a program has been referred to in the past, and suggestions relating to this very serious problem, which exists in many parts of the country have been made. Agricultural organizations have referred to it in briefs presented to various authorities. The Government has shown some wisdom by giving attention to this difficult situation at this time.

I should like to read a statement made at page 18 of a brief presented by the Canadian Federation of Agriculture. In that brief this is stated:

> On this question of availability of seasonal labour particularly we suggest that a special study group be set up, on which there would be representatives of the Canadian Horticultural Council as well as other Federation representatives, plus representatives of appropriate Government departments. It should be the job of such a study group to thoroughly assess the situation and the problem, and attempt to work out policies which can be effectively applied to prevent recurrence of the difficulties experienced in the past year.

No doubt the Government has given some attention to the recommendations of various agricultural organizations and, as I pointed out earlier, we will look forward with interest to the introduction of legislation which will assist in solving this problem.

Another reference in the Throne Speech to the agricultural industry is the suggestion that the Government is going to introduce policies which will achieve larger and more reliable incomes. I suppose this means that the Government intends to introduce legislation designed to bring a fair share of the national income to the agricultural industry. This is something we have urged upon various governments over the years. Representatives of every party in this House have urged this upon the Government, and I am sure that Members of all parties in this House have given thought to recommendations in respect of increasing and stabilizing farm incomes. Such an accomplishment would provide farmers with a better opportunity for budgeting their money to meet their financial obligations from year to year.

The arguments I have advanced in regard to the agricultural industry in general can be specifically applied to the poultry industry, the dairy industry, the small fruits industry and to all these various segments of the agricultural industry which must face these problems. These industries are all looking for help and guidance which will enable them to increase and balance their incomes, so that they may face the future with the knowledge that they can count on a certain income each year.

One other paragraph of the Throne Speech is related specifically to the dairy industry and the establishment of a Canadian Dairy Commission. It is my opinion that it is essential to establish such a body, Mr. Speaker, and in this regard I should like to refer to an article which appeared in one of the newspapers published in my area of the country, the *Abbotsford Sumas and Matsqui News*, which is a very reputable newspaper as are all the newspapers in that area. This article refers to the problems which the dairy industry faces, and it concludes with the following words:

> Mr. Brannick, President of the FVMPA, put it in a nutshell at the annual meeting last week.
> "Prices must be increased to the Canadian farmer, or Canada will become an importing nation." He added "this is unthinkable."

With reference to the dairy industry particularly, and to the whole agricultural industry in general, it will be a sad day indeed when farmers reach that point, which many

of them have already reached, where they are not able to carry on and must go out of business, forcing Canada to become an importing country in respect of agricultural produce. At such time we will be left at the mercy of other agricultural producing countries, as far as prices are concerned.

The Throne Speech referred also to the movement of feed grain, and suggested the establishment of an organization or agency to deal with this particular problem as it affects Eastern Canada and British Columbia. In the old days when I first came to Ottawa one of our main themes in this House related to this feed grain situation. We urged the Government to adopt a program for providing assistance in respect of the movement of feed grain.

This situation is still critical, and particularly so in British Columbia where the industry is facing competition from industry in other areas which have access to cheaper feed. In that area the people are forced to pay high prices for feed grain, and find that the difficulties created as a result of these high prices are greater than they can surmount. We hope that the Government, in working out a solution to this problem, will be able to develop something which will be fair to every part of Canada, and which will give producers in all areas an equal opportunity to share in the benefits resulting from any policy adopted.

The Throne Speech suggests that the Government is interested in the maintenance of the family farm structure in Canada. Agricultural organizations across Canada have been concerned in this regard for many years and have advocated a program of assistance for the maintenance of family farm units. There has been a trend toward the development of larger farm units and the integration of small farms into large agricultural operations. These agricultural organizations have been concerned about this trend because of the possibility that small family farm units will become things of the past. As I have pointed out in the past on many occasions, individuals who operate small family farms do not do so only to make a living for themselves and their families, but because this is a way of life which they enjoy and want to maintain. They have no desire to move into the city and become units of a Canadian industrial labour force. Farming, to these individuals, is a way of life which they enjoy, and one which they wish to perpetuate. These farmers only want a fair opportunity to live with decency and dignity, and with incomes which are sufficient to enable them to meet the needs of their families. Therefore I would urge the Government to encourage the Department of Agriculture to concern itself with this situation. I believe that family farm units are an essential part of the general economy of this country.

[Mr. Patterson.]

• (5:40 p.m.)

I want to refer to a statement regarding this matter in the submission by the National Farmers Union to the Government of Canada on March 1, 1965. On page 7 they say:

> If the farm family is to be the keystone of national agricultural policy, this can be achieved through the implementation of farm policies which make it economically possible for the farmer to maintain his family and himself with a sense of dignity and at the same time apply sound farming practices to his land.

There are many other matters to which consideration could be given this afternoon but I wanted to refer particularly to some of the problems related to the agricultural industry. I wish to commend the Government for facing some of these problems and I hope they will be able to come up with an answer that will be satisfactory to the industry itself, and will be of benefit to the economy of our great country. As I have said, there are many subjects I should like to cover but time does not permit. Others of my colleagues will be dealing with various matters of importance and concern, and I appreciate this opportunity to call to the attention of the Government some of these problems of urgent concern.

[*Translation*]

Mr. Jean-Paul Matte (Champlain): Mr. Speaker, I must extend my heartfelt congratulations to the mover, the hon. member for St. John's West (Mr. Cashin), and the seconder, the hon. member for St. Maurice-Laflèche (Mr. Chrétien), of the address in reply to the speech from the throne. If I may, I should like to single out the member for the constituency next to mine for the manner in which he represented the St. Maurice valley.

The session just ended was a long and hard one, but it achieved most gratifying results for this country, since we were able to move ahead in the program we had set for ourselves and that we had placed before the people during the 1963 election campaign.

I am glad to see also that the speech from the throne provides for a reform of parliamentary procedure. I can only hope that the

new procedure will do away with the endless repetition of the same arguments and the same speeches, as was the case during the last session.

Why not set a time limit on debates as is done for the speech from the throne debate and allow the tabling of other speeches as having been read, even if there should be a day of discussion where party leaders or their spokesmen would state their policy which, I think, would waste less time while offering the same result and respecting the democratic process.

Mr. Speaker, the riding of Champlain which I represent—I like to repeat it—is one of the privileged ridings in the province of Quebec. After a survey, it was found that nobody wants to see it broken up under the new redistribution. That riding, located between Montreal and Quebec, is adjacent to the ridings of Three Rivers, St. Maurice-Laflèche and Portneuf.

My riding is both rural and urban. Cap de la Madeleine, an industrial city, has a population of almost 30,000 and the rest of the riding is divided into 19 rural communities, typical of French Canada, without forgetting my own native village of St. Tite.

It is not surprising, Mr. Speaker, that I should often ask for retaining walls, wharves and marinas, since a part of my riding is along the St. Lawrence River, from Cap de la Madeleine to Champlain, Batiscan, Ste Anne de la Pérade—the kingdom of tommy cods—with Ste Geneviève de Batiscan.

The city of Cap de la Madeleine is known throughout the world for its sanctuary which attracts thousands of people every year. "The Cape", as it is called, is an industrial city in the highest sense of the word and an ideal site, like all communities in my riding, to set up prosperous industries. We have a healthy and hard-working population.

The establishment of a steel mill in Bécancour was greeted with much enthusiasm in my constituency because it will have economic repercussions throughout my area.

Bécancour stands opposite St. Marthe du Cap de la Madeleine. Its fabulous development will no doubt provide a most sound argument for speeding up the extension of the Three Rivers harbour toward Cap de la Madeleine, for which we have been clamouring for a long time.

While Cap de la Madeleine has developed at a rapid pace and has a bright future, each parish in my riding would like to expand, and rightly so, and they are all opened to industry. I am looking forward to the day when each municipality will be able to live comfortably from the proceeds of industry and farming, as much from one source as from the other.

Farmers make up an important section of our population. They suffer, as all eastern farmers, from an unpropitious situation. The new dairy policy of this government will no doubt give hope to those people who, more than any other, need to be looked after. Under section 95 of our constitution, farming must come under the joint jurisdiction of Ottawa and the provinces.

I am proud to say that the speech from the throne will bring a ray of hope to the honest and good people who, let us not forget it, are the descendants of the founders of our country. In fact, it provides for:

1. Measures to help farmers increase their income and assistance to rural families;

2. The establishment of a Canadian dairy commission;

3. Improved movement and marketing of feed grain in eastern Canada and British Columbia;

4. Creation of a fund for rural economic development and amendments to ARDA, the Agricultural Rehabilitation and Development Act.

What a gratifying program when we see the sincerity the present government brings into its fight against poverty, which should not exist in our fine country.

1. Parliament will be called upon to grant the Prime Minister the necessary powers to administer a program to fight poverty.

2. A commission will study the opportunity of creating a position of ombudsman, a sort of protector of the people.

3. The program of assistance to underdeveloped districts will be extended.

4. The creation of a system of assistance at the federal level, and many other measures to assist the people according to the concepts of co-operative federalism.

Mr. Speaker, my riding has known unemployment too often, and that is the worse plague which can exist. Employment is a source of happiness for everyone, and unemployment is a real calamity. I am fully conscious of this situation as a result of the many visits I receive from unemployed persons in my office.

Every man has a right to work, especially in a country like Canada, and it is our duty

to look particularly after those who suffer, as the speech from the throne states so rightly.

This brings me to deal with unemployment insurance which will be improved by the government. I find the word unemployment a pejorative and I would like that fund to be called "Worker compensation fund", which I feel is more positive.

Why could unemployment insurance benefits, a social measure, not be paid to a worker who falls ill but who must nevertheless support his family? And yet, if a recipient falls ill at such times, he continues to draw benefits.

The reforms will no doubt remove all those anomalies.

I would also like the department to be more human and to apply simpler regulations to the people. I often think it is unfair for some people to be able to evade the law while others, through ignorance, are being refused benefits.

During the 1963 federal election, we submitted a five-point plan as follows: (1) revive the economy of Canada; (2) restore security; (3) preserve confederation; (4) develop the agricultural industry; (5) restore Canada's prestige.

Mr. Speaker, considering the accomplishments we have witnessed until now and this speech from the throne, we can formally declare that we kept our promises to the people, for after two years only, all those planks of our platform have been implemented. There is still much to be done, we are aware of the facts and we are being consistent.

I have received several delegations from my riding and I take this opportunity to thank the protective staff and the staff of the house for their courtesy and willingness to help visitors. However, I wonder if it would not be a good idea to put bilingual people at the main entrances because quite often people who can speak both official languages are relegated where such knowledge is not as necessary.

Before closing, I would like to pay tribute to our great Prime Minister who, more than any other man, has really understood the problem of unity, and I truly believe that he was the man chosen by Divine Providence to save Canada.

He knows how to engage in dialogue; he is the man of peace, that peace he personifies and spreads around him in our country and throughout the world. We are all the more convinced of that in view of the award he received recently from the University of Philadelphia.

Mr. Speaker, "a flame of ideals is burning in the heart of our fine youth", said the hon. member for St. Maurice-Laflèche, a flame is burning in the hearts of all the citizens in my province. I hope I will see the day—not far away, I hope—when all together, throughout the country, equally, in complete unity and conscious of our diversity, we can sing whole heartedly and fully convinced "O Canada, beloved country of mine".

• (5:50 p.m.)

[*Text*]

Mr. Mac T. McCutcheon (Lambton-Kent): Mr. Speaker, I should like at the start to compliment the previous speakers on their presentations relating to the Speech from the Throne. Both the Mover (Mr. Cashin) and Seconder (Mr. Chrétien) could be singled out for special consideration because of the excellent manner in which their material was presented. I would also be remiss if I did not compliment the lady Member from Westmorland (Mrs. Rideout) upon her maiden speech in this House. My own first speech here is not so far removed that I cannot vividly recall it, and sympathize with her in that rubbery feeling this Chamber brings to one's knees.

We have all heard comments presented from various sections of the House relating to various items in the Throne Speech. I believe therefore there is no need for repetition. My only comment on the Throne Speech is that it is a truly fantastic play on words. In order to describe the verbiage contained therein, I should like to recall an old Irish saying in our family which goes like this: Talk is cheap, but it takes money to buy whiskey. I do not believe there is any segment of the population that has not been mentioned in a general way for health or welfare. There is even a plan for those unfortunate Canadians who are in jail. Of course it is obvious that neither Lucien Rivard nor Hal Banks will be able to benefit, as things stand at the moment.

The announcement in the Speech from the Throne that Parliament is finally going to have an opportunity to discuss the agreement with the United States covering the automobile industry is indeed most welcome. It is long overdue. This agreement, which appears to be as one-sided as anything ever entered into by the Canadian Government, affects a wide range of industries in Canada. It affects

the livelihood of many Canadians, and many of them are in my own constituency. These people want to know, what is this agreement and how was it made? How will it operate in the future? With all due respect to the Minister of Industry (Mr. Drury), and I have a high regard for his abilities, the information he has given up to now is not enough. He wants Parliament to accept the deal and feel that he has made the best deal possible. I cannot accept that and few Canadians, I find, are accepting it. The Minister of Industry has been one of the biggest disappointments in this Cabinet, and that covers a lot of territory.

May I call it six o'clock?

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTION TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Speaker: It is my duty, pursuant to provisional Standing Order 39A to inform the house that the question to be raised at ten o'clock this day is as follows: the hon. Member for Skeena (Mr. Howard)—House of Commons—consideration of Committee report on reproduction of *Hansard* index.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Cashin for an address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Diefenbaker, and the amendment to the amendment of Mr. Marcoux.

Mr. McCutcheon: When the House rose at six o'clock I had commented on the lack of information given to Parliament concerning the mechanics of the free trade car deal with the United States.

There are many questions that come to mind. What kind of deal is it which gives the big automobile companies a debate of $50 million in exise duties they would otherwise pay on parts imported into Canada, while not one consumer in Canada gets one cent of advantage out of it? We are told to have faith and put our trust in the Government because everything will work out well. We are told there will be a tremendous growth in employment; that the companies need this extra money for a few years for development purposes. The question which comes to my mind is this: If this deal is so good why are the ordinary investment channels not available to Canadian manufacturers for expansion? In this way the benefit of the excise rebate could be passed back to the consumers, the car buying public. Of course we have been given the promise that cars will be cheaper in price. But when? And by how much?

Blame for lack of information about this plan, and failure to understand it, lies on the shoulders of the Government as a whole, but particularly upon the Prime Minister (Mr. Pearson) the Secretary of State for External Affairs (Mr. Martin) and the Minister of Industry (Mr. Drury). They go down to the United States, sit around a table with the United States administration and come back and tell us that all will be well if only Canada will cut down its tariff on United States automobile parts. On some bright, sunny day in the future, they tell us, the Americans may cut down their tariffs and let Canadian cars into the United States duty free. They tell us that the President cannot carry out this bargain until the Congress of of the United States decides whether or not to lower automobile tariffs. That is perfectly true. It is Congress which will eventually decide. The President of the United States proposes and Congress disposes. This is the principle of United States policy that Canadians have learned the hard way in the past. I do not think we should have to learn it the hard way in every generation.

Already there are signs that there will be opposition to such a move in the United States Congress. As a consequence we are in the hands of one man. Our auto deal depends on whether or not the President's popularity and his salesmanship of his ideas can effectively force this measure through the Congress.

• (8:10 p.m.)

One fact has been overlooked, however. It is that the President already possesses some power to cut tariffs. Indeed he can cut them up to 50 per cent for bargaining purposes. Did the Prime Minister ask for a cut to be made in Canada's favour? We do

not know. Did the Secretary of State for External Affairs remind the Right Hon. Gentleman that President Johnson could have cut the United States tariff in our favour, had he so wished, without waiting for the approval of Congress? We do not know. Did the Minister of Industry jog his colleague's elbow and urge him to ask the President to make tariff concessions which might save a few thousand Canadian industrial jobs? We need 1½ million more jobs in Canada in the next few years, as the Economic Council has pointed out. I do not think we want agreements with foreign countries that cut down jobs in Canada; and I can tell this House that a lot of people are saying in my part of the country that the Liberal Government has lost its shirt in making this automobile deal with President Johnson. It is not the Government's shirt; it is the shirt of some small Canadian manufacturers of automobile parts and accessories. Do you think we are going to get our shirt back? Well, we are merely told to wait and see.

I mentioned previously that the future of this automobile deal depends on one man. This concerns me very much, because it reminds me of some of the things I learned on a recent trip down into the United States. I visited in Texas; in fact, I visited at the L. B. J. Ranch, not far from Austin. They get a lot of visitors down there these days. I would like to comment, in passing, that I can recommend a visit to Texas for my friends and colleagues in the House of Commons. It's a great state, and Texans are a great people. In our part of the country we see lots of Texans visiting Canada, and we like them. I submit that it would be a change for our Government if some of the Ministers got in their cars, as I did, and drove down. They then would find out what ordinary Americans think about this Government and some of the things it is doing. The Prime Minister (Mr. Pearson) goes to places like Hyannis Port, Philadelphia and Camp David. He has lunch with the President; he makes speeches, and he has his newspaper clippings about them. This is not the same as talking to the man in the street in places like Houston, Austin and Tyler. This is what is called the grass roots approach, I am told. One thing about Texas, when I was there in January, is that while it is a beautiful country—and they have lots of beautiful country—they have also plenty of dry, stony and rough country; and it looks particularly rough and dry and stony to anyone who comes from Ontario, the garden land of North America—

Some hon. Members: Hear, hear.

Mr. McCutcheon: —and especially from that garden spot——

Mr. Whelan: Essex South.

Mr. McCutcheon: —the riding that I happen to represent, which embraces Lambton and Kent Counties. The L. B. J. Ranch is in the Pedernales country; and I must give credit to anyone who has made a ranch and a home in that rough country of rock and sagebrush. The President has a nice little lake right on the ranch. They have built a dam across the river; and there is also a nice big airstrip to take the biggest, fastest jet aircraft, so he can go to and come from Washington. Those Texans down there know Lyndon Johnson, and it is interesting for a Canadian to get the Texas point of view.

I would like to report what I heard in Johnson City, Texas, which is 11 miles away from the L. B. J. Ranch. It is a thriving place and has a population of 611. I visited with farmers and ranchers who came into the town the day I was there. I talked with them in the casual, friendly way that they have in Texas, and this one man in particular had a word of advice which I am going to pass on to the Prime Minister of Canada. We talked about Texas and the United States, and we got into discussion about this automobile agreement. I said to him, "What do you think about this car deal between the President and our Prime Minister?" I had hoped the Secretary of State for External Affairs (Mr. Martin) would be here, because he could take some notes on real diplomacy as this Texan spelled it out to me. "Well", said this man from Johnson City, in his Texas drawl, "I reckon your Prime Minister better have his shirt well buttoned down, 'cos if'n he ain't, I can tell you who is going to have that shirt pretty soon; it's going to be our Lyndon". He went on, "You know, our Lyndon is one of the biggest wheeler-dealers in Texas, and if'n your Prime Minister don't have his underwear on tight, he may lose that, too". Well, I guess he could see that I, as a Canadian, did not like the idea of our Prime Minister losing his shirt and underwear to L. B. J., even in the cause of cementing the long friendship between Canada and the United States; so he added these words, "Of course, our Lyndon is a real Texas gentleman, and he will lend your Prime Minister his shirt back so he can get home safe".

Mr. Speaker, I am not worried today about the Prime Minister and his shirt; I am concerned about his image abroad. The Prime Minister may be the dove of peace in Philadelphia, but I suspect he is just a pigeon in Texas. I can tell this House that a great many Canadians in the small parts manufacturing companies around Ontario are worried about losing their shirts; and the sooner Parliament gets down to examining this automobile agreement and hearing directly from the Minister of Industry, the Secretary of State for External Affairs and the Prime Minister the exact terms they have agreed to, then the better it will be for Canada.

I noticed in the London *Free Press* recently an article which was headed up, "Ford Exporting 400 Cars Monthly to New York State". It goes on to say that Ford of Canada has started exporting 400 cars a month to dealers in Upper New York State, the first time the company has shipped to the United States. This is datelined Oakville, Ontario. The question that comes to my mind is this: How can Ford Motor Company export cars to the United States of America and pay 8½ per cent duty to the United States Government, and still be competitive? I am sure that our American cousins are not going to pay any more for these cars manufactured at Oakville than they will pay for domestic models manufactured in the United States of America. I confess that I do not have the answer, but I can only surmise that Ford must be discounting their price at least 8½ per cent in order to be competitive. The question in my mind is this: If they can do it for Americans, why can't they do it for Canadians?

War on poverty is a fine, abstract doctrine, even if this is borrowed, like a shirt, from President Johnson. What we want to avoid in this country is importing poverty from the United States. Unless the automobile agreement starts working, and working pretty soon, in Canada's favour, that is exactly what the Prime Minister is doing; he is importing poverty for the employees in the production of automobile parts. So I have this to offer to the Government: You have no monopoly on knowledge of all the things that are good for Canada. Take us into your confidence some time; you might be pleasantly surprised to learn that we are as interested as anyone in Canada's welfare. After all, you should thank the Opposition for correcting a lot of your ill-conceived legislation.

• (8:20 p.m.)

[*Translation*]

Mr. Henri Latulippe (Compton-Frontenac): Mr. Speaker, like all other hon. members, I should like to express my thanks to the mover, the hon. member for St. John's West (Mr. Cashin) and the seconder, the hon. member for St. Maurice-Laflèche (Mr. Chrétien), of the Address in reply to the Speech from the Throne, and also to offer them my sincere congratulations for having carried out their responsibility so well.

In the Speech from the Throne read by His Excellency the Governor General, it should be noted that a very definite emphasis is put on economic and social problems.

The government intends to fight poverty and unemployment, improve the protection provided for Canadians against the dangers of illness, facilitate the adaptation of workers to new requirements of technology, stimulate the development of underdeveloped regions. All those are initiatives that will meet very real needs in this country.

Finally, the Speech from the Throne refers to the delicate matter of jurisdiction between Ottawa and the provinces.

The Government is only realizing now that there is dissatisfaction everywhere, hardship and poverty. Poverty has been deliberately maintained by the old-line parties, especially the Liberal Party which has been in office for 33 out of 45 years. We now have to resort to mobilization to fight poverty. What have old governments done to date to establish a debt free monetary system based on present and potential production? What are both Liberal and Conservative parties doing to provide, out of our colossal production, the necessities of life to everyone? Have they passed any legislation to protect the large family, the farmer or the settler? They all have a hard time to make both ends meet.

Under the old-line parties there is nothing but poverty, unpaid debts, mortgages, mortgaged governments and subservient people forever in debt to a few Canadian financial institutions and, in a proportion of 80 per cent, to foreign interests. To remedy this situation, instead of distributing our abundant available production, the old-line parties and especially the Liberal Party are becoming leftists in accepting state socialism, which is contrary to individual freedom, and they presented it to us as a remedy in proposing a series of measures aimed at correcting a situation which has become unbearable when

they should be putting an end to that situation; they use it as a starting point; they put the blame on private industry and try to replace it. This is probably a part of a great scheme to establish a super universal state.

The strategy of the secret force calling the shots is very simple but effective: first, create unbearable conditions; second, state interference, with economic improvements paid through the loss of certain freedoms. There is the occult power which acts as a financial system to put private enterprise in a difficult position and which liberates the same financial system at the right time on behalf of public enterprise to make it look good.

It must be remembered that man is not born to produce, that life should not be spent exclusively on producing material goods. Economic security is necessary if freedom is to mean something, but once a minimum of economic security is guaranteed, freedom becomes much more important than wealth.

Under normal circumstances modern production is already more than enough to offer good living conditions to all. Why then all those programs for employment and large scale production with the intervention of the state, everywhere private enterprise cannot keep everyone at work? What is the purpose of all that when there is enough for the necessities of life for some extra comforts too? Why not leave alone those who are satisfied with such necessities of life, such comforts.

For those who are interested solely in material objectives, the employment and production plans may have a meaning for those who want a socialist state; they may have a meaning for the enlightened people from the London School of Economics, from this seminary for the training of the higher bureaucrats of the socialist state of tomorrow.

• (8:30 p.m.)

But they do not make sense for those who, like the Creditistes, have a broader concept of the human person, and they are distasteful to those who refuse to give up freedom for materialism. What every individual should acknowledge as the main purpose of economic activity should be to free man while providing everyone with his vital needs.

It is then that freedom makes sense and that it is odious to allow it to take a back seat it to the requirements of planners.

For instance, our fine pension plan which brings the human being into subjection, is one of the most socialistic measures ever enacted in Canada.

[Mr. Latulippe.]

I urge all right-minded people to join with those who suggest the English and French Canadians are able to solve their own problems and that since production has been organized for a long time, it should be easy to ensure its distribution. Our two old line parties have at last generally admitted that there is something completely wrong with our economic system and that it is also absurd to refuse to men devoid of the necessities of life the necessary money to obtain them, simply because there is such an overabundance of those things and that no labour is required for further production.

The factor limiting production of actual wealth has been the failure to distribute products, because the consumer does not have the money required to buy everything.

Production is short-lived, Mr. Speaker, when there is no buyer. Mass production requires mass consumption. It is therefore necessary to investigate the purchasing power mechanism in order to meet the needs.

And, while a surprising evolution took place in the science of production, no similar change occurred in the financial machinery. The system of distribution of the purchasing power dates back to centuries of scarcity when there were insufficient goods to meet the needs of the people.

There should be an end to worries, to unjust orders issued to protect some friends at the expense of other people. There should be an end to requests for privileges; now it is the people's turn to live.

The citizens want their freedom and I think that sooner or later there will be a freedom march of the Canadian citizens.

Governments have always found money to wage war or arrange for international massacres. They have always found a means to finance their war budgets. The budget and the economy were balanced in wartime. Natural resources and productivity were successfully mobilized. The necessary capital was always found to wage war. Nothing was impossible for the sake of war. What we did to win the war, let us do it now for the sake of peace. What was spent for guns, let us spend for our fellow citizens, our children and ourselves.

Let us now accelerate our production and our productivity and let us put all these goods at the disposal of our fellow citizens. Let us help our poverty stricken families. Let us put an end to poverty and indigence. Let us put an end to ignorance, incompetence and unemployment. Let us put all our adults

to work; it is done in other countries. Would we be incompetent, mentally retarded, careless with regard to our most urgent problems? Are our best brains, our experts at the end of their rope?

Let us improve the lives of our citizens. Let production meet the needs of the people in their homes. This is possible. For that we only have to put at the disposal of Canadians the necessary purchasing power.

If society is able to provide the arms and the brains, it is the duty of governments to provide individuals with the purchasing power necessary to their development.

If, Mr. Speaker, interest rates on capital are too high, let us lower them. No one in this parliament has asked to lower the rates of interest which are too high, to bring to reason finance companies. There is no one either among the Liberals or among the Conservatives who would have the courage to ask that order be restored to the economic situation.

It is absurd that capital assets should always be more protected than human capital. Men are neglected but the golden calf —or is it made of silver or bronze—is always protected.

In 1964, Mr. Speaker, the total amount of taxes paid by the taxpayers exceeded what the citizens had spent for food, clothing and housing.

In 1964, each taxpayer paid about $800 out of his income solely for the federal government administration, that is almost 20 per cent of the average wage which is $4,200. It is a real shame. It is perfectly absurd. This, Mr. Speaker, is not the way to solve the problems of poverty amidst plenty.

On many occasions, I directed some questions to the Minister of National Health and Welfare (Miss LaMarsh), to the Prime Minister (Mr. Pearson) and to the Minister of Finance (Mr. Gordon) as well as to the government. I asked for an increase in family allowances, and the reply was that the government was considering the opportunity of increasing family allowances in order that they may be attuned to the tempo of the other sections of the national economy.

Do not forget that an eight-year old child, for instance, receives from our governments an allowance of $6 if he lives with his family, $65 in a foster home and up to $90 and $120 in orphanages and institutions. Such differences are recognized as normal and legitimate. These figures may be checked. They are a matter of public record. Why not increase family allowances to bring them in line with the rise in the cost of living?

Mr. Speaker, I believe that if we wanted to bring family allowances in line with the cost of living, they would have to be at least $1 per day. The reply of the Minister of National Health and Welfare and of the Prime Minister is always about the same, vague and non-committal.

> The government is always on the look-out for means to improve social security programs in Canada, and any decision in this respect will be announced in due course.

This is a word-for-word quotation from the debates of the House of Commons.

• (8:40 p.m.)

Since July 1944, that is since the enactment of the legislation, family allowances have remained at the same level, namely $6 and $8 per month, while in all other sectors of the economy, everything was multiplied by four, six, eight, ten and 11 as statistics show clearly. Why not the same escalation when human beings are concerned, especially when our children, the future citizens of Canada, are concerned?

In Canada, in 1964-65, there is no shortage of goods, housing, clothing, food or medical care. All that is plentiful. Manufacturers and businessmen want to sell, families have obvious needs. Nevertheless, the products are not sold according to the needs because of a lack of money in the family. The responsibility to remedy such a situation by restoring the proper balance of the economy rests with the government; that would give the consumers, our Canadian families, a purchasing power equal to the production yields.

What have you done, Grits or Tories, what solutions have you offered in these so-called 20 years of progress, so that the people could live according to the production capacity of the country, and not according to restrictions imposed by those who control money and credit? You have done nothing except increase our debt and consolidate the position of the financial dictatorship. During all that time, the only thing you did was to rob some to enable others to live or exist.

You have done nothing to make the material development work for Canadian individuals and families.

All that was done was to take note of the representations and suggestions of the people which means that nobody really deals with them, and for the people, the only alternative will be to live in patience or to die of despair.

It is easy to stifle the efforts of the awakeners of the masses. Mouldering in forced idleness and insecurity, are not those people ripe to accept anything?

You members of old-line parties you are responsible for the present chaos, you are responsible for the waste of the precious time we would have to find a solution to the defects of the economy. Certainly, it will be necessary some day to find a financial machine which will help Canadians, instead of punishing them, a machine which will make money to meet requirements, instead of merely creating debts; a machine which will increase purchasing power as the people increase production, instead of reducing this power through ever increasing taxes, without consideration for human beings.

Mr. Speaker, the right to life, the right to the means of living is a birthright, a right which implies the duty to respect the same right of others, by allowing them a reasonable standard of living, in a country where there is plenty of everything and where goods and skills are lost for lack of financial means. An addition to a family should not deprive the other members of the family or of the country of a decent livelihood.

Mr. Speaker, I ask this question. In order to benefit from the progress of science, to get three meals a day, is it necessary to be a dog? If not, let something be done.

Mr. Speaker, there is injustice in taxation; large institutions are favoured at the expense of private citizens. This is done to protect once more capital and especially interest.

In this way, companies and large institutions are afforded more opportunities to increase their dividends so that their shares may rise on the stock market. All that concerns only 10 per cent of the population: the mighty, the rich and the learned in Canada. All that gives nothing to the 80 per cent that forms the bulk of the people. Here we represent the people, we must see that they get justice, security and liberty.

Here are some very definite examples where the government grants great privileges to companies, while denying them to individuals.

First, the tax form for 1962 shows that companies pay only 21 per cent on their profits on the first $35,000 and only 50 per cent above $35,000 and there is no limitation, while individuals pay 50 per cent as soon as their taxable income has reached $25,000 and up to 80 per cent on larger sums.

Second, between 1954 and 1963, during a ten-year period of prosperity, the personal income tax went up by over $1,000 million whereas the corporation income tax remained at the same level, as can be seen on page 1041 of the French edition of The Canada Year Book, at approximately $116 million.

In the field of national economy, Mr. Speaker, before 1962, under various old age assistance programs, monthly payments of $20 or $25 to $40 were made to needy older citizens who presented an application and submitted to a means test.

In 1952, the government set up old age security, thus guaranteeing a pension of $40 a month to any person of 70 or over, without any means test.

That pension was raised to $46, on July 1, 1957, and to $55 on November 1 of the same year. On February 1, 1962, it was further increased to $65 a month and then again to $75 on October 1, 1963.

Consequently, old age security was raised in 1952, 1957, 1962 and 1963, five increases from 1952 to 1963.

• (8:50 p.m.)

Members' indemnities, including expense allowances, which were $4,000 in 1944, were raised to $18,000 in 1963. In fact, this indemnity which was $2,500 in 1906, $4,000 in 1920, $6,000 in 1945, $10,000 in 1954, is now $18,000.

On the other hand, family allowances, voted in 1944 and paid since July 1945, were $5, $6, $7 and $8 for children under 16. This was raised from $6 to $8 in 1957, before the surprise election called by the Right Hon. Leader of the present Opposition (Mr. Diefenbaker). This increase represented, on the average, one cent per day or 30 cents per month, for every child under 16. On the other hand, from 1944 to 1957, the price of milk went up five cents a quart.

Mr. Speaker, nothing was done on behalf of the families, on behalf of those who are the nation, the real nation, on behalf of the survival of Canadians, and toward the development of French Canadians. Nothing was done apart from levying new taxes, imposing new burdens and vexations. Those are the only achievements of our governments during 33 years of Liberal administration and during the rest of the time by the Conservative administration.

No one ever paid any attention to the people. However, many schemes were devised. Every possible formula and means

were found to wage war, to promote the expansion of high finance and the good of barons of finance. Measures were taken to favour only the powerful, to increase the rates of interest and to endorse loans for provinces, municipalities and school boards. We have come to the point where we are now endorsing for individuals. The only thing the federal government can do is to become an endorser and to adopt a patronizing attitude toward the large financial institutions, to the prejudice of the family.

After 33 years of Liberal administration, we are beginning to notice a feeling of unrest within society and to be aware of the need for reforms. But should those reforms be carried out by taking more money out of the pockets of the taxpayer, who has not enough already, how is this going to straighten out matters? The reforms proposed by this government will come to nothing.

The speech from the throne is vague and contains no concrete solution. The solutions that are being proposed and the reforms that are mentioned are general reforms. They are not likely to benefit the individual, the family; they do not tend to protect the family, in brief those who need to be protected.

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. member, but his time has expired.

[*Text*]

Mr. J. E. Lloyd (Halifax): Mr. Speaker, I rise to support the motion proposed by the hon. Member for St. John's West (Mr. Cashin) and seconded by the hon. Member for St. Maurice-Laflèche (Mr. Chrétien). Both gentlemen discharged the traditional duties assigned to them with impressive eloquence. Reflecting upon the work and exhausting efforts of the past two sessions, the hon. Member for St. John's West chose this occasion to pay tribute to the Prime Minister (Mr. Pearson). He said that the Prime Minister had shown a rare and perceptive talent for dealing with particular and urgent problems of this nation. Today, I add that the contents of the Speech from the Throne eloquently support that conclusion. The hon. Member for St. John's West went on to say that the Prime Minister was acutely aware of the situations in Canada and is magnificently equipped to deal with them.

Now, Mr. Speaker, events of the past few days have focused attention on the performance of Canada's Prime Minister. Canadians, and indeed people throughout the entire world, recently watched with great concern the escalation of the war in Viet Nam. All were grateful when Canada's Prime Minister, in a speech in Philadelphia, put forward constructive proposals that might remove another threat to world peace. Our thankfulness deepened yesterday when we learned that the President of the United States had shifted the emphasis of the United States from military to diplomatic measures in Southeast Asia. The Ottawa *Citizen* of April 8 reports the news in these words:

> President Johnson has broken the impasse over Viet Nam with a declaration of willingness to hold "unconditional discussions" for a peaceful settlement.
>
> He also proposed a vast Southeast Asian development scheme to which he said the U.S. would contribute one billion dollars as a starter.
>
> The latter idea was phrased in almost the same terms used by Prime Minister Pearson last week.

It was a time of greatness, Mr. Speaker. Two men, President Johnson and Prime Minister Pearson, exhibited to the world that they possessed that quality when it was urgently needed.

Now, Mr. Speaker, the Speech from the Throne contained many references to international matters; and the meaningfulness of this, as well as of the reality and the need to be involved in these affairs, was very well illustrated in the past few days. In addition, the Speech from the Throne deals with matters of development in Canada. We are concerned with the problems and factors of economic growth. There will be no easy answer to the challenge put to us by the Economic Council. Indeed, it would be absolutely foolish for us to expect that the solution we require to meet that challenge will be found simply and only in some tinkering with credit. It goes far beyond the question of credit.

Let us examine what the Economic Council has to say, and the effect that involvement in their proposals may have on urban regions of Canada and the rural areas of this country. Last December the Economic Council of Canada published its first annual review. The Council projected the expansion of the labour force and population growth through to 1970. By 1970 it is expected that over one million persons will be added to the labour force. The dominant factor, the report points out, is an increase in Canada's population of working age. Reflecting the high birth rate in the ten years following the war, the number of people in the 20 to 24 age group is expected to increase by 33 per cent from 1965

to 1970. By the end of the decade, the increase will be 55 per cent. The average increase in the sixties of the 20 to 24 age group will be ten times that of the fifties.

The Council noted another significant element of change in the labour force. Ten years from now three out of ten married women are expected to be in the labour force, compared with only one out of ten in the fifties. The population of Canada last year crossed the 19 million mark. By 1970 we can reach 22 million, and the decade of the sixties will roughly see an increase of 22 per cent. The Economic Council continues to observe that with the massive inflow of young people, the rapid increase in the number of working wives, the labour force is expected to grow at a faster pace than the population. Speaking of the increase in labour force, allowance must be made for a reduction in the current rate of unemployment. The challenging conclusion by the Council is an additional 1.5 million jobs between 1963 and 1970.

• (9:00 p.m.)

In the light of that realistic appraisal the justification for the much debated Canada Pension Plan became apparent. The funds it accumulates over the next ten to 15 years will be fully required to supplement the massive social capital needs of the Provinces and their municipalities in making their contribution to the essential growth of the economy. It is also clear that the portable benefits at age 65 of the Canada Pension Plan phased into maximum payments over the next ten years is a practical and timely measure. The same observation applies to the reduction of the retirement test of the Old Age Security benefit from age 70 to age 65 over the next five years. Competition for jobs in the next decade will make it increasingly difficult for our citizens of retirement age to obtain and hold remunerative employment. It should be noted that over 60 per cent of our labour force are not covered by private pension plans.

I was pleased to note that in the Speech from the Throne reference is made to the need for us to become involved in legislation which will bring about a consolidation of a number of assistance plans and bring about an improvement in the assistance provided under existing arrangements. The scheme is to be called the Canada Assistance Plan. There is no doubt in my mind that this is the next step to be taken. Those of us who were actively concerned with the Canada Pension Plan recognized that it needed to be done.

[Mr. Lloyd.]

We thought that before increasing flat rate benefits we should take a first step with the Canada Pension Plan and then go on to a second stage, one to proceed concurrently with the pension plan itself.

Between 1963 and 1970 the pace of expansion will need to be substantially better than our longer run experience if we are to avoid severe social and economic problems and strains. What will be the impact of economic growth on our municipalities? The assumptions made by the Economic Council allow for a high and sustained rate of growth in investment in social capital. The Council recognized a high income society, demanded improved schools, hospitals, highways, streets, parks, cultural and recreational facilities. The report of the Council stated: "There is particular need to improve our cities for both economic and social reasons." The report continues:

> This requires among other things rehabilitation of dilapidated residential areas or clearing of some of these areas for more efficient use for commercial and other purposes. There is the need for improved living conditions for families and individuals who are now relegated by economic circumstances and urban decay to substandard and blighted living conditions. To attempt to deal in a comprehensive manner with these needs will require the development of policies and programs directed towards the elimination of their underlying causes. Many problems exist in this field and available information about them is meagre. But we believe that it is essential to develop a much larger and more effective program than now exists for urban renewal and low rental housing.

As to this statement that available information is meagre, I have some reservations at this point about the extent of the Council's research work. Nevertheless, I will continue, my intention being to make some observations to show that the Economic Council might have gone further in its study of the problems of urban and rural municipalities and their relationship with the Provinces. It might have examined the situation in an effort to find out whether or not the provinces have plenty on their platter at home to deal with in the next decade without handing them long range plans having to do with constitutional amendments which will work well only when we work for common objectives regardless of what lawyers may write into those documents.

All of us have used expressions relating to automation and our rapidly changing technology. The latter phrase has become a cliché. But we all recognize what it means. We have observed the shift of population to the urban growth centres from the rural

areas. The urban population explosion is widened by the rapid growth of suburban districts, with their inevitable neighbourhood shopping centres.

It is in the urban areas that increasing numbers of employables seek jobs in the servicing sector of our economy, including recreation and the entertainment fields. It is in the metropolitan regions that we find extensive expansion of office buildings and high rise apartments. With the development of industrial parks to escape high central city taxes and land costs on the fringes of the expanded urban areas, workers find themselves no longer in suburbia. Many now leave their jobs to return to sleep and relax in the densely populated traffic-congested city.

In 1956 the City of Halifax decided to take full advantage of the provisions of the National Housing Act administered by the Central Mortgage and Housing Corporation. We learned many lessons, experienced disappointments, and enjoyed some achievements. With C.M.H.C. paying half the cost of clearance we demolished several areas of badly blighted real estate. I could tell Hon. Members more about the details, but it suffices now to reach the point at which the bulldozer had completed its work on the first clearance area. The time had come to direct our attention to redevelopment. We soon learned that a comprehensive plan required a study of the economic base of the metropolitan region in which the city was located. We had to identify possible developments of highways and railroads to the region, and bridges to the city of Dartmouth on the eastern side of the harbour and across the North West Arm to county suburban districts. We recognized that, if we were to interest large private developers, economic data and other pertinent information about the city's services and regional developments were essential for that purpose.

We publicized invitations to developers to rebuild the site with broad terms of reference. We favoured leasing the site, because of apparent financial advantages to the city and to developers. To those who may become involved in this kind of thing I would suggest it might be wise to examine the value of a freehold type of lease, even though there may be advantages attached to leases of the more usual kind. We received one proposal from a British consortium of professional planners. They proposed high density development of a mixture of tall tower apartment buildings, shopping, banking and office buildings. We decided to negotiate an agreement with our only customer. The proposals were redesigned and scaled down to correspond with both good planning and conservation of economic feasibility.

We discovered a number of things. We found that the cleared site was too isolated from the central business district, requiring the developer to acquire and clear blighted commercial districts to appropriately link the new developments with existing and well developed sectors of the central city region. After many, many months of detailed construction planning for the site, and negotiating of legal agreements with developers, they found they could not complete, to the city's satisfaction, the necessary evidence of financial capability to complete their $30 million undertaking.

• (9:10 p.m.)

Now they must make a fresh start. In the meantime, Webb and Knapp built a $9 million shopping centre in the west end of the City, with Eaton's abandoning their downtown store to become the key tenant. Simpson's across the road, rehabilitated their buildings to meet the competition. Across the harbour in Dartmouth, an industrial complex development stimulated with financial assistance from Provincial Crown Corporations, Industrial Estates Ltd., and low municipal taxes. Dartmouth has been compelled in turn to undertake development land use planning to ensure orderly expansion and redevelopment within its boundaries.

Stimulated by the flow of information on the factors or urban growth and the economic prospects of the region, local realtors and others acquired and cleared sites for high rise apartments and office buildings. The pressure for high density development to offset high cost of land acquisition and local taxes produced many conflicts between the City's planning staff and the private developers. Despite these difficulties much better redevelopment of the city has been accomplished. We are pleased to observe that last year the Federal Government amended its legislation on urban renewal. C.M.H.C. is authorized to extend its participation in clearance cost of blighted commercial districts. That Federal corporation will share the cost of providing sewers, streets, etc. to the cleared redevelopment site, thus relieving the developer from that burden of investment.

C.M.H.C. will share the cost of preparing land use development plans for the site, and economic feasibility studies essential thereto. In addition C.M.H.C. will finance two thirds of the city's portion of the partnership capital. In addition, with a new emphasis on rehabilitation of existing residential buildings, C.M.H.C. will finance that cost. Many important lessons were learned from our experience in Halifax with redevelopment, and they are not dissimilar from the experience of other cities in Canada. We may have been earlier in the game, but others have caught up with us.

One of the most significant lessons that we learned was this, that you cannot undertake land use planning for the control and orderly redevelopment of a city, or its redevelopment, in single municipalities. To be effective, they must be related to over-all land use plans for the economic region in which the municipality is located. Thus every municipality in the region must co-operate in that effort, and the same co-operation must be obtained by Departments, Crown Corporations and other agencies of Federal and Provincial Governments. Failing that co-operation by the municipalities in the region, the Provincial Government must undertake the responsibility for regional land use planning, either by direct action or by imposing regional or metropolitan government on clusters of municipal units. Economic growth considerations set forth in the report of the Economic Council, and full employment objectives dictate those conditions.

Provincial Governments oriented to the needs of over-represented rural constituencies must face their responsibilities for service and assistance to the urban municipalities. This applies to some Provincial Governments, indeed, if not all of them; and sometimes they have written provisions into the statutes and this has ended their interest in the development of urban cities or urban regions. They have paid too little attention to the impact of the real estate tax on the growth and development of cities within Provincial boundaries. That burden acts as a deterrent to new construction and lengthens the use of outworn, dilapidated housing for persons, commerce and industry. A gradual phasing into full realty taxation has been suggested by some, but that is only a temporary measure.

Mr. Speaker, I dwelt at length on this subject of the problem of housing conditions, development problems and redevelopment problems in the urban districts of Canada, and I did so because the Speech from the Throne indicates that the Federal Government at least has recognized its responsibilities in this field; and indeed the amendments to the National Housing Act last year and other proposals that will be disclosed to us as this session progresses indicate that the Federal Government stands ready to participate fully with the Provinces and the municipalities in undertaking those essential steps to bring about a proper and orderly development in the urban districts of Canada where, in my opinion, a high percentage of people will seek employment—a high percentage of the 1½ million additional jobseekers will go to find work in what is called the servicing sector of the economy. Indeed, Mr. Speaker, it behoves us to do everything in our power to encourage the Provinces in turn to face their responsibility in this particular field.

In the Halifax *Herald* today another viewpoint was held with respect to areas designated as development areas of slow growth. I was pleased to note that the Speech from the Throne indicates that some improvements are contemplated with respect to the existing legislation. Based upon special studies made for the Atlantic Provinces by Professor Wilson of the University of Glasgow, the Atlantic Provinces Economic Council, according to yesterday's Halifax newspaper, said the eight Atlantic centres are ready for mass industrialization. What they are really saying is this, that you can expect population growth in the urban centres of the Atlantic region. It is to these places that people will go to seek employment in secondary manufacturing, and also in many areas of servicing job opportunities.

I can recall that the other day the Minister of Finance came in for some quipping from some Hon. Gentlemen opposite, about the need for mobility in labour. I am sure we will now hear no more about it, because the advisers to Premiers Stanfield, Robichaud, Shaw, and the Premier of Newfoundland—

Some hon. Members: Oh, oh.

Mr. Lloyd: I hope he will take the advice, too; and I am sure he will. These economic advisers had this to say:

> Mobility is necessary. There is no escape from that conclusion. But, if the policy of regional development succeeds, it should be possible to reduce the net outflow of population from the area as a whole. It is necessary to distinguish at this point—

I am sure some hon. Members would agree with this:

—between the Maritimes and Newfoundland. No doubt it is true that when a family has decided to leave the island, it is just as likely to move to Central Canada as to the Maritimes. Newfoundland must, therefore, rely upon the attractiveness of her own centre, or centres, of growth. But it seems true to say that people will move around *within* each province more readily than they would move to Central Canada.

Some of us in the Atlantic Provinces, of course, can fully understand why:

This is one reason why the development of provincial centres of growth should be a means of tapping resources of manpower that would otherwise remain idle or would continue to work in occupations where productivity was low. Quite a lot of this labour may, indeed, be within commuting distance of such appropriate centres as Halifax or Saint John.

• (9:20 p.m.)

I hope that when we reach that stage in our legislative process we will be considering amendments to the legislation we now have with respect to areas of slow growth; that we will keep in mind the lessons which have been learned by the municipalities; and that we will keep in mind what I have said this evening about the explosion in population, if you like, in the urban areas. We must be ready to provide jobs for the 1,500,000 people which the Economic Council says will be added to our labour force in the next five or six years.

It seems to me, Mr. Speaker, that the Provinces as well as the municipalities have a job to do in this field. The Federal Government can help them with resources and with technical skill and advice; but the initiative must lie with the municipalities in this field and with a fully co-operating and understanding Provincial Government.

I see my time is running out, Mr. Speaker, and I can add only one further thought, which is this. Economic land use planning is just as essential in our rural areas of Canada, and this is a matter which should receive concurrent consideration by the Provincial Government. You cannot hope to have intelligent development and redevelopment planning in the urban areas of Canada without in turn examining what will be happening in the hinterland of these great areas of urban growth. So I welcome the obvious interest of the Canadian Government in the field of improvement in areas of slow growth and in the rural regions of Canada, as expressed through the ARDA program. But I must conclude with this observation, that it might be wise for all of us to remember and to be somewhat humbled by this very complex business of economics. A great deal has been written on the subject, and there has been a great deal of advice from a number of people holding a wide variety of views. It seems to me that together we need to work and learn more if together we hope to progress in a better manner than has been the case in the past.

Mr. Olson: Mr. Speaker, I should like to ask the hon. Member for Halifax (Mr. Lloyd) a question, if he would permit me. We have listened to a very informative and interesting speech on the problems of urban development and renewal, and while he had some very enlightening opinions respecting many of the problems which would be raised, it did seem to me that he had left out the central problem, which is raising the funds required. I was wondering whether he had any ideas about the changes which could be brought about to provide for this.

Mr. Lloyd: Mr. Speaker, remembering my closing observations about being humbled by the intricacies and complexities of economics, I am sure the Hon. Member who asked me the question on the matter of funding will appreciate my reply, which is this: We have given consideration to the matter of funding. One source of social capital for the kind of things about which I have been talking will be the funds raised by the Canada Pension Plan. There are others who advocate different viewpoints—that there should be a different use of Canada's credit facilities and expansion of its monetary supply. However, I share the view of the Minister of Finance (Mr. Gordon) that we have identified the principles and well know how they operate. The only question is the degree, timing and utilization of this knowledge.

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, first of all I want to congratulate the Mover and the Seconder of the Speech from the Throne; I thought their speeches were exceptionally well presented. My first reaction to the Speech from the Throne was to wonder how it was possible to take up so much time in saying so little. My second reaction was that it seemed to me that the Government had moved well over into the left field and taken some of the block and tackle from the N.D.P.

However, I was surprised that no mention was made of a national water policy, in view of the problems we have had during the past year. I was disappointed that no mention was

made of establishing a health facility development fund, as recommended by the Hall Commission. I was disappointed that there was nothing in the Speech to relieve the embattled taxpayer. There was no mention of taking off the 11 per cent sales tax on drugs, even though the Committee on the price of drugs is to be continued. There was no mention of removing the 11 per cent sales tax on machinery, equipment and supplies. There was no mention of raising the exemption of the single taxpayer or married taxpayer. There was no mention of exempting interest payments on houses owned by taxpayers, or of exempting municipal taxes from income tax.

I propose, Mr. Speaker, to deal with these matters rather briefly. First of all, I should like to deal with the necessity for a national water policy. This was advocated about three years ago by probably one of the most outstanding men we have in this field, Dr. Berry of Toronto. As you know, Mr. Speaker, Canada has almost one half of the world's fresh water supply. We are surrounded in this area by the Great Lakes basin. There are 100,000 square miles of water in the Great Lakes basin, besides roughly 300,000 square miles of land with lakes which drain into that area. We have about 32 inches of rainfall per year. If this rainfall should happen to diminish, then in about two years we start to feel the effect of this; it takes about that long. Of these 32 inches of rainfall, 10 inches enters the main source of water supply. The other 22 inches is accounted for by evaporation from the lakes, the cultivated land, and from trees and grass.

Over the past couple of years we have experienced a drop in rainfall, which has created a problem. Lower rainfall means lower humidity. There is more sunshine and therefore more evaporation. This past year we had the lowest level in the Georgian Bay-Lake Huron area for the last 100 years, which is about the length of time for which records have been kept. We have had our ups and downs in rainfall, and I think we can assume that over the years we have had some low levels of rainfall.

• (9:30 p.m.)

Now, Mr. Speaker, what has happened in this regard over the last 100 years? I would suggest, for one thing, that we have had a population explosion. Very few people were living in those areas 100 years ago, but over this period of time there have been great developments in the Great Lakes Basin. These areas have now become very densely populated, particularly around Toronto, Hamilton and Oshawa. With this growth in population, accompanied by tremendous growth in industry, there has been an increasing demand for water. The amount of water used in the average home in this area today would be equivalent to the amount of water used in a week by a family living in the same area a few years ago.

To illustrate this point, Mr. Speaker, let me refer to some statistics. It requires the use of 20 gallons of water to produce one gallon of gasoline. The production of one ton of paper requires the use of 40,000 gallons of water. To produce one ton of steel requires the use of 14,000 gallons of water. These examples indicate the immensity of the problem which exists as a result of the growth of industry in this Great Lakes Basin. The problem is intensified even more as a result of the accompanying growth in population, with which I shall deal in more detail a little later.

There has been a great deal more transportation service required in the Great Lakes area within recent years than ever before as a result of the development of the St. Lawrence Seaway. Within recent years the first ocean-going steamers of any size were able to ply this waterway. This development has in itself created further problems. We find that the Georgian Bay area, the Huron Lake and Michigan Lake areas—which are treated as one—are uncontrolled lake areas. Lake Superior and Lake Ontario are controlled, as a result of which we have found that Lake Superior has maintained its level, whereas the water level in the Georgian Bay and Lake Huron and Lake Michigan areas has dropped six to seven feet. A national water policy should be developed to find ways of counteracting the economic loss we have suffered in these areas in the past few years. Millions of dollars have been lost to the shipping industry, which represents a tremendous set-back to the economy of the Great Lakes areas. This set-back will be aggravated as the population and industry grow, unless some steps are taken to counteract the current adverse trends.

Many individuals in the Georgian Bay area of the Great Lakes Basin, as well as in other areas, are engaged in the tourist trade. Many millions of dollars will be lost to this industry as a result of uncontrolled water levels. Many people in these areas have been hard hit in the last year because of water level drops and because of pollution. Some of them

have had to go out of business after finding themselves left high and dry with beaches stretching for a quarter mile and farther to the water. I suggest that these problems should be considered by a national water council, and treated so this will not occur again.

Many other problems are created as a result of water pollution, and in this regard I should like to quote from an article which appeared in the Toronto *Telegram* of March 1965, under the heading "Water Pollution". The headline is "Who's To Blame for the Ocean of Filth?" The article in part states:

> Montreal pours all its wastes, untreated, from its sewer system into the St. Lawrence River; the largest city of our land rests amidst an ocean of filth.

Apparently this situation is not confined to Eastern Canada, because the article then continues to state:

> Edmonton, until the recent completion of a treatment plant, polluted the water of the North Saskatchewan River all the way to Prince Albert, Sask., a distance of 500 miles.

Apparently Provincial Governments can no longer cope with this sewage problem. Sewage from Toronto dumped into Lake Ontario is carried down through the St. Lawrence River to Montreal. Sewage dumped into the Detroit River at Windsor is carried down to Toronto. This article states:

> Windsor gushes all its raw, untreated sewage into the Detroit River—

Certainly this results in pollution of the river from that point downstream. This pollution is aggravated by industry.

The average individual today uses 100 gallons of water per day for domestic purposes. It is estimated that it requires 2,500 gallons of water to supply one person with food for one day. These facts obviously indicate that fresh water is a precious commodity. Unless some change is made in respect of water pollution regulations, we will very soon find people in this country clamouring for fresh, pure water. In the United States today it has been established that 40 per cent of the people who live along the Mississippi use water that has passed through sewage systems. This situation both in the United States and in Canada is aggravated by increases in industrial use of water.

Perhaps I should give a few examples of the amount of water required by industry to produce every day items. To produce one pound of bread requires the use of 100 gallons of water. To produce one ton of rayon requires the use of 165,000 gallons of water. To produce one ton of Terylene requires the use of 215,000 gallons of water. This will illustrate the immensity of this water problem, which I am sure we have not even started to think about.

Mr. Speaker, a great deal of money will have to be spent for research to solve the problems created by lower water levels, and pollution. Perhaps we will have to build a dam below the City of Montreal in order to control the runaway of fresh flood run-off water. If we allow the drop in the water level of the Great Lakes to continue at its present rate, we might just as well forget about our seaway transportation system.

I think the Government must establish immediately a commission to find the answer to two basic water problems—recurring lower lake levels and pollution. This commission, in the form of a national water board, should develop policies in respect of both ground water and surface water, having regard to pollution control. Now is the time to study these water pollution problems.

Mr. Speaker, I should now like to deal with another problem to which I have made reference on previous occasions, and that is the problem in respect of the cost of drugs to Canadian consumers.

• (9:40 p.m.)

The Prime Minister (Mr. Pearson) indicated that he was worrying about the cost to the people of drugs and he quoted enough statistics to show that there are a substantial number of people in Canada who are not able to purchase the drugs they need without hardship. He quoted these figures and he referred to the poverty that exists in Canada. He put all these facts on the record. He intimated that the cost of drugs was too high because the matter is going to be investigated by a Committee; but surely it should have occurred to the Government long ago that the 11 per cent sales tax represents about 18 per cent or almost one fifth of the cost of drugs. Surely this is not right. Surely the sales tax should be removed immediately.

I was further disappointed that there was no provision made for the setting up of a commission as referred to previously to help in the building of the medical schools that are so badly needed across Canada. As a matter of fact, the Hall Commission has stated that we will need five new medical schools but nothing has been done in this regard. Yet at the same time we talk about medicare

in Parliament. I sometimes wonder whom we are fooling in talking about getting medicare, when we have not enough doctors now to look after the people. When you examine the statistics you find that from 1950 to 1960 there was a 5 per cent decline per capita in the number of doctors who graduated from our medical schools. How in the world can we carry out a medicare program or a dental care program when we are so short of both doctors and dentists and do not have the schools to produce them? I am very disappointed that nothing has been done about the Hall Commission recommendation that a committee be set up to help in the building of these schools and in the education of doctors and dentists.

I was also disappointed that nothing was said in the Speech from the Throne about research. In this regard I should like to refer to an article by David Spurgeon in the *Globe and Mail* which I think sets out the situation very well. He says:

> The gap between the supply and demand for funds for medical research in Canada has widened again this year, and medical researchers are greatly concerned.
>
> This is the time of year when investigators learn whether or not they will be granted funds by the Medical Research Council to continue their work. The council is the chief federal fund granting body for medical research. The council has awarded only about 60 per cent of the funds requested this year—

That is not good enough in a land like ours, Mr. Speaker.

> —compared to 65 per cent last year, 71 per cent the year before and 72 per cent in 1961-62.
>
> Some grant applications inevitably would be turned down because they would not be of sufficient quality. But this year the council has turned down more than $1 million worth of first class applications simply because it did not have the money. At the University of Toronto alone grants were cut by at least 30 per cent. The funds awarded are considered inadequate, a spokesman said.

This is not good enough in a land where we are trying to keep our researchers and are trying to seek cures for cancer and other diseases.

I want to speak for a moment or two about the poverty that exists in this land. I mentioned it before and I want to add some comments now. We have a great land of plenty but many people are suffering from poverty. We have people who are ill-clothed, ill-housed and badly educated. Yet those people have to buy life-saving drugs and the Government collects its tax on those drugs. As I indicated before, surely this tax should be tossed out the window. These drugs have saved millions of dollars through decreasing the length of illnesses and in hospitalization costs which are paid by Governments, with a small premium from the recipient. There is no excuse for retaining this tax.

The Prime Minister knows that in each large city pockets of poverty perpetuate themselves from one generation to another. What grants have been made to study and obliterate these pockets? We know that in certain cities in Canada they have existed for five generations. It is not fair to condemn the children who are born into these families and to say to them when they are four or five years old that this is their station in life and they are going to suffer the poverty that their parents have. This is not good enough.

The Government knows, because it was indicated by the Minister of Forestry (Mr. Sauvé), that half a million children of school age are not attending school and have a grade 4 education or less. This is an alarming fact. We talk about automation, training more technicians and the necessity for education, but in this land we have half a million children today who are condemned to be jobless or to work at very menial jobs, which we are told will be very scarce. We are condemning them to that type of life. This is not fair, Mr. Speaker. I suggest that there should be an all-Canadian educational policy and that research should be conducted into this situation in order to make sure that these children are not condemned in their infancy to poverty.

I am disappointed that more has not been done in the field of human betterment in order to help people to improve their own situations. Surely it is better to take these children out of the poverty of the slums and educate them so that they can contribute to the economy of the country, rather than leave them in these small pockets of poverty that exist in many of our cities across Canada. Surely the time has come for action to deal with this situation in the right way and not merely by handing out something to somebody. Surely we should not go on saying that because they are poor we will give them something, and at the same time do nothing whatever to cure or prevent the disease. I suggest it is time that the Government and Parliament took a good long look at curing these ills by means of preventive legislation, and not go on throwing money away by treating the ills after they have occurred.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in the few days since the Throne Speech was delivered a popular interpretation of its contents has been made in newspaper editorials and by columnists, in which it is suggested that the Speech from the Throne is a steal from the New Democratic Party's platform. We in the New Democratic Party suspect that to a large extent this is nonsense. We have heard Liberal Throne Speeches before and we have waited to see their execution, and to say the least we are sceptical that much will come of this Throne Speech.

We think there is a great deal of sham in the Speech from the Throne. We think that on the basis of its past record and performance the Liberal larceny of New Democratic Party ideas is certain to be for appearance's sake only, and not for the substance contained in our ideas.

• (9:50 p.m.)

I feel, Mr. Speaker, that the goal of a modern nation must be to insure a rising prosperity, with a higher standard of living rubbing off on all its citizens. The phrase coined by President Johnson's ghost writers, the Pearson Government has found in April, 1965, and taken the slogan "War on Poverty".

An hon. Member: It took them a year to find it.

Mr. Orlikow: It took them more than a year to find it. If we examine the details of their proposal contained in this phrase "War on Poverty", we will see there is very little which will bring economic growth to this country. Growth in this sense envisages an increase in the output of goods and services, with a proper distribution of income. Income is generally distributed through wages and salaries. This makes it essential for citizens to find jobs. Obviously this means growth in both the scale and quality of goods and service producing enterprises.

Theoretically, Canadian Governments have expressed agreement with this objective. As early as 1945, the Liberal Government of that time had a white paper prepared in which they said unequivocally they adopted a high and stable level of employment income, and thereby a higher standard of living, as a major aim of Government policy. It has been made clear that an endeavour to achieve it must be made through Government economic policy. This must be wholeheartedly accepted by all economic groups and organizations, and national objectives must take precedence in importance to sectional and group interests.

Those were brave words, Mr. Speaker. Unemployment stubbornly continued as an economic problem for Canada. In recent years as many as 7 per cent of our labour force were unable to find jobs. Even in the peak year of 1964, of which we have heard so much from this Government, nearly 5 per cent of the Canadian working force were, on the average, out of work.

Economic growth is necessary and desirable, not just for itself as the Russians and Chinese seem to feel, but because it can be used to eliminate poverty and raise living standards, as has already been done in countries such as Sweden. However, the Government's so-called war on poverty will prove to be long on words and short on action. It is too little and already too late. The comparatively rapid rate of growth and no corresponding reduction in the very high rate of unemployment prevailing for the past five years has been achieved. This has been the result primarily of three forces. First, the pick-up in the United States economy; second, the devaluation of the Canadian dollar in 1962 and, third, the very large wheat sales to Communist China and the Soviet Union. We cannot rely on such forces in the future.

It is impossible to completely insulate Canada from the economic forces operating in the United States. We will profit by their periods of boom and be depressed when their economy slumps. We can, however, take steps to make the impact of their business cycles somewhat less critical for Canada. This will require positive Government action, both in the traditional fields of fiscal and monetary policy and by more direct intervention in the economy, particularly by public investment and the development of our own resources and economic capabilities. We got away with the devaluation of our dollar in 1962, but it is doubtful, in fact inconceivable, that we could use such a device again to help expand our exports and reduce our imports without triggering international retaliation, thereby rendering impotent our own devaluation.

While we must be ready to supply foods throughout the world, we cannot count on crop failures and misfortunes in other countries to supply our economic policy. We cannot count on the forces behind our current rapid economic growth. We require positive leadership to bring some fundamental shifts within the Canadian economy. The imperative requirements for Canadian growth were brought forcibly to our attention by a recent report of the Economic Council of Canada.

The basic demands put forward by the Council are now becoming very apparent; a 5½ per cent growth in production, 3.4 per cent per capita, and the creation of a million and a half new jobs by 1970. We can welcome the Council's report as a first and encouraging beginning at looking at Canada's needs. We, in the New Democratic Party deplore the fact that the Council has not spelled out how we are to achieve these goals. There is no indication that the Council's thinking is accepted by this Government or will be acted upon by it. Some of the implications of these goals are not as clear as the figures themselves. The Council's figures demand a much higher rate of growth than has been achieved over a long period of time in Canada. In fact, the growth rate demanded by the Council is at least twice as much as that annually achieved in the past decade.

To show what I mean, Mr. Speaker, I want to refer briefly to the second annual report of the Manitoba Economic Consultative Board, which pointed out that if Canada does provide a million and a half jobs, as the Economic Council has suggested we need, and if it is assumed Manitoba will maintain the same percentage of the total national jobs as it did in 1961, the Province of Manitoba would have to provide an average of 11,000 new jobs each year from 1967 through to 1970. In fact, in recent years Manitoba has been providing only half of this required number.

May I call it ten o'clock?

BUSINESS OF THE HOUSE

[*Translation*]

Mr. Lessard (Lake St. John): Mr. Speaker, before you call it ten o'clock, I should like to ask whether the house would give its unanimous consent so that tomorrow votes could be taken at 3.30 p.m. instead of 5.30 p.m. I think this would be possible with the unanimous consent of the house, and this would make it easier for some members to solve certain problems. I think that the votes are supposed to be taken at 5.30 p.m. on the amendment and the subamendment. If the house is agreeable to that, I think it could be possible to take those votes at 3.30 p.m.

[*Text*]

Mr. McIlraith: Mr. Speaker, I must say that I am taken a bit by surprise by the request. So far as we are concerned, if it is the wish of the House, we are quite agreeable to having a vote taken at 3.30 rather than 5.30. I am wondering if the hon. Member has made any proposals, so that as many Members could speak before the vote as would otherwise be the case?

[*Translation*]

Mr. Lessard (Lake St. John): I feel personally that members who are supposed to speak by 5.30 tomorrow evening will be able to do so after the votes. I feel that the volume of business carried out at the end of the day would still be the same if the house gave its consent.

[*Text*]

Mr. McIlraith: So far as the Government is concerned, we are agreeable to this change in procedure.

Mr. Churchill: I did not hear the first part of the remarks of the hon. Member, in which I presume he set out the reasons for suggesting this change. However, I think it is not appropriate, at ten o'clock at night with a rather slim attendance, to decide an issue of this kind. I think it had better be decided tomorrow morning at the opening of the House.

[*Translation*]

Mr. Lessard (Lake St. John): Mr. Speaker, the leaders of the various parties could discuss this suggestion and the government house leader could inform us of the decision tomorrow morning.

[*Text*]

Mr. McIlraith: I would be very glad to call a meeting tomorrow morning for discussion of this point.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under provisional Standing Order 39A deemed to have been moved.

HOUSE OF COMMONS—CONSIDERATION OF COMMITTEE REPORT—REPRODUCTION OF "HANSARD" INDEX

• (10:00 p.m.)

Mr. Frank Howard (Skeena): Mr. Speaker, when a matter of privilege is dealt with by the House, the first determination is made, as I think it is called in Latin, of a prima facie case, that is, as to whether it looks as if there is a question of privilege. Then the subject matter of the question of privilege is referred to the Committee. The Committee examines the question and reports to the House; presumably in the course of the report

it makes some declaration by way of motion. I think it is then incumbent upon the House to consider the report and the proceedings in the Committee to see whether or not there was justification for the original decision that there was a prima facie question of privilege.

In the last days of the session just completed the hon. member for Hamilton East (Mr. Munro), a learned gentleman, raised this question of privilege. I must say he prosecuted with all the fervour associated with the famous Judge Jeffreys, renowned in English courts. But I will be polite and merely say that the hon. member allowed his enthusiasm to attract his tongue and vocal chords into the realm of fantasy when dealing with this question.

None the less the question of privilege, which had to do with a document prepared by the Hamilton Area Council of the Steelworkers Union, was referred to the Standing Committee on Privileges and Elections. The Committee held its hearings. At those hearings a letter of apology was read signed by one Stewart Cook of the Steelworkers Union. It apologized—I am paraphrasing now—for any affront to the House by the reproduction of any of the documents of the House.

This apology was accepted by the Committee. But what the Committee did allow, in my submission, was a vindictive and vicious attack upon an Hon. Member of this House who was not sitting on that Committee, one who felt that because he was one of the Members referred to in this particular document he should not, as a Member of the Committee, be acting as judge and jury, as it were, at the same time. I submit that the obvious purpose of the whole course of the hearings of that Committee was that certain members of the Committee desired to see the political lifeblood of the Member for Hamilton South (Mr. Howe) spilled, rather than pursue properly the question of privilege which the Hon. Member for Hamilton East had raised in the first place.

There was a motion passed, a motion somewhat innocuous in content in view of all that had gone before it, that the Committee accept the apology of the Steelworkers Union and that a question of privilege remain unresolved. I submit that in view of the vindictive and slanderous approach on the part of some of the members of that Committee, the decision which was reached is a strange one. It leaves the House in the unfortunate position of being unable to determine whether or not its action in accepting the argument that a prima facie breach of privilege had been committed was correct in the first instance. I submit there is an obligation attendant upon Parliament now, even though this is a new session, to examine that report and make a determination and see what should be done about the whole question.

This consideration can take place during the present session upon a motion to consider a report of the Committee on Privileges of the previous session. It is true that a private Member could introduce such a motion, but if this were done it would fall into the same category as that which includes other notices of motion put forward by private members; it would be subject to limitation of time for debate, it would fall to the bottom of the list and in all probability it would never be dealt with.

• (10:10 p.m.)

The Member who was the Chairman of the Committee cannot move the amendment now because there is no committee for him to be chairman of. If the Government would take—and this is what I asked the President of the Privy Council (Mr. McIlraith) to do today—the initiative in this case and place a motion on the Order Paper to consider that report, it would permit it to come under the routine, normal proceedings of business and would enable it to be brought up by the Government, dealt with and the matter disposed of.

This is simply what I asked the President of the Privy Council to do today, namely to revive this matter before Parliament at this time, so that Parliament will not look as if it had been made a fool of by people who wanted to use a particular document and a Committee for their own selfish ends.

Mr. J. C. Munro (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, it is very interesting to hear the hon. Member for Skeena (Mr. Howard) raise this point again. He must be terribly upset by the result arrived at in the Committee, and apparently it is because it did not work out to the entire satisfaction of the New Democratic Party.

As I recall it, before the motion was put by myself in the Committee to accept the apology and have an end of the matter, I invited the hon. Member for Skeena and the hon. Member for Port Arthur (Mr. Fisher) to make any other motion, as expressed by the hon. Member for Port Arthur,

that would bring the matter before the House so we could have an open discussion on it.

Mr. Howard: The record does not show that; it shows otherwise.

Mr. Munro: But what happened was this. Despite the sentiments expressed by the hon. Member for Port Arthur, he then left the room and the hon. Member for Skeena took over and supported the motion that we accept the apology. They were not nearly so anxious, apparently, to open this matter and have further discussion on it at that time; they voted to accept the apology and regard that as an end of the matter. The matter thus remained unresolved, and this motion was supported by the New Democratic Party.

Another very interesting feature of this whole thing is the great diligence of the hon. Member for Skeena to protect the hon. Member for Hamilton South, who is now in the House. I would think he is perfectly capable of standing up in this House and protecting himself. Apparently they feel he has no real defence to offer—

Mr. Howard: More slander.

Mr. Munro: —and needs the more experienced Members of his party, such as the hon. Member for Skeena, to protect him. I would think he would find it rather difficult, to promote the argument that he was not a member of the committee from a sense of propriety. More likely is the reason that he spends more hours in Ottawa taking care of his private medical practice to afford time for his responsibilities in committee.

Mr. Douglas: Whenever you run out of policies you start to smear.

Mr. Munro: It is not difficult to attribute motives to your party; you are so obvious in your motives. I cannot understand why the Members of the New Democratic Party do not invite the Member for Hamilton South to get up and promote his argument in this House, to defend his record, to explain how he expects to carry on a private medical practice in Ottawa and supplement his $18,000 a year at the same time.

Mr. Deputy Speaker: Order. I would suggest to the hon. Member that at this point he is going beyond the subject matter that has been raised by the hon. Member for Skeena (Mr. Howard). I would also point out that a note I have received from the table indicates that the Parliamentary Secretary's time expired at 10.11. It being beyond 10.11, I now call it ten o'clock.

Motion agreed to and the House adjourned at 10.12 p.m.

HOUSE OF COMMONS

Friday, April 9, 1965

The house met at 11 a.m.

THE SALVATION ARMY

TRIBUTES ON ONE HUNDRED YEARS OF SERVICE

Mr. Speaker: In these days when we so frequently hear proposals for the establishment of armies of an international or multilateral character it is very easy to forget that there has been in existence for no less than 100 years a world army whose peaceful activities now extend to 70 nations of the world.

• (11:10 a.m.)

I refer, of course, to the Salvation Army. Members will, I know, want to acknowledge the presence in the Speaker's Gallery this morning of the Canadian Commander, Commissioner Edgar Grinsted, Mrs. Commissioner Grinsted and other senior officers of this great and vital organization which is this year celebrating a century of service to God and to man.

Some hon. Members: Hear, hear.

Mr. Speaker: It was just 100 years ago that its founder, William Booth, first stood on Mile End Waste in the east end of London, England, in the midst of the degradation and disorganization of the industrial revolution and proclaimed the age old message that gave birth to the Salvation Army.

In the intervening century the Army has extended its good work into all parts of the world. I am sure all hon. Members, particularly those who are war veterans, will be entirely familiar with the fine work of this organization in evangelical and social welfare endeavour, and will join with me in wishing them Godspeed as they continue their great work of mercy into a second century of service to their fellow men.

May I add that the hon. member for Brandon-Souris (Mr. Dinsdale), who is himself a leading member of the Salvation Army in Canada, has asked me to call attention to the special Service of Commemoration that is being held this evening in Christ Church Cathedral at 8 p.m. This service will take place in the immediate presence of their Excellencies the Governor General and Madame Vanier, and Commissioner Grinsted will be the guest speaker. The hon. Member for Brandon-Souris has reminded me that hon. Members of this House are cordially invited to attend and share in the fellowship of this important anniversary occasion.

Some hon. Members: Hear, hear.

Right Hon. L. B. Pearson (Prime Minister): Perhaps, Mr. Speaker, I may be permitted to join you in the tribute you have so fittingly paid to the organization which we affectionately know as The Army, whose unselfish and untiring service and dedication to God and to man, as you yourself have said, Mr. Speaker, has left the whole world a better place.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I am sure hon. Members in all parts of the House will join with you and with the Prime Minister in a word of deep appreciation for the tremendous contribution that has been made to mankind by the activities of that unselfish band in all parts of the world in war and in peace in spreading God's message to the poor and the afflicted. Today as one looks back over the history of mankind, William Booth stands out as one of the great spiritual leaders of all time.

In 1963 I had the honour of receiving the freedom of the City of London, and among the 250 who have received that honour the name of William Booth naturally attracted my attention. I read the speech which he delivered in 1905, only a matter of 30 years after he started in the streets of London to carry the Master's message to the afflicted. In that speech he referred to the unusual nature of the freedom being given to him and those associated with him, the right to preach their religion as they would, a freedom that had been denied when he first started. May I say to the Commissioner and to the officers of the Salvation Army in Canada that I know all of us will join with the Prime Minister in the tribute he has paid.

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, you spoke for all of us when you paid tribute to the work of the Salvation Army. Those of us who are familiar with

their devoted and unselfish service to mankind are glad to support the tribute you have paid to this great organization. The members of this party trust that as the Salvation Army starts its second century of service to mankind it may continue to enjoy success in its very fine, humanitarian endeavours.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, it is indeed a pleasure to associate our party with Your Honour, with the Prime Minister and all other members of the House in expressing our congratulations to the Salvation Army for their 100 years of service. It has been my privilege to work closely with the Army in different countries of the world, and certainly their work can be considered not only a work of faithful service but of service rich in faith to God and to man.

[*Translation*]

Mr. Réal Caouette (Villeneuve): It is indeed a privilege, Mr. Speaker, to join with the leaders of the various parties and especially with Your Honour and the Prime Minister (Mr. Pearson) in paying tribute to the Salvation Army.

We are all aware of the tremendous accomplishments of the Salvation Army in many fields and throughout this country of ours. It stands as an example of hard work and selflessness.

On behalf of the Ralliement Creditiste, I want to congratulate all members of the Salvation Army for the wonderful job they are doing, both from a social and Christian standpoint, thereby enabling men of good will to get along together and understand each other as much as possible.

[*Text*]

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, perhaps I might be permitted a brief word to express to you and the members of the House sincere appreciation for your kindly references this morning. I should also offer an explanation for my personal membership. William Booth, the founder of the Salvation Army, often used to repeat a slogan: "Go for souls and go for the worst". That explains my membership in the Salvation Army. I think too it is a sentiment in which all members of the House can concur. It is also interesting to note that those words have the "go-go" spirit of the space age and at the same time express the essence of the Christian message.

May I make one other brief reference. As a young man William Booth flirted with the idea of a career in politics through a group known as the Chartists, who were interested in electoral reform. I am sure all politicians in this House will be grateful that he chose instead a religious career. It was as the result of the personal commitment he made as a lad of 15 that God should have all there was of William Booth that the great world wide work began which has brought so much good to mankind.

• (11:20 a.m.)

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, would you grant me the privilege of saying just a few words? May I put it this way. In the many years during which I have had the honour and privilege of being a Member of Parliament, provincially and federally, there have been occasions when problems have been brought to my attention in which I have found it impossible, because of provincial or federal legislation or regulations, to be able to do anything of an official nature or to get assistance. Therefore, sir, I want to take this opportunity in the House of Commons of saying that, under those circumstances, when I thought the need was great and by reason of a law or regulation nothing could be done, for 32 years I have turned to the Salvation Army. May I say, sir, that at no time did they turn me down.

FINANCE

TABLING OF TARIFF BOARD REPORT ON LIVE TURKEYS

Hon. Walter L. Gordon (Minister of Finance): I wish to table in English and in French copies of the report by the Tariff Board on Reference No. 136 which covers live turkeys. I am tabling also a transcript of the evidence presented to the Board at its public hearings. The Tariff Board has recommended that the duty on live turkeys be increased from 2 cents per pound under the British Preferential and Most Favoured Nation tariffs to 10 per cent but not less than 3 cents per pound. I can assure hon. Members that this recommendation will receive careful consideration by the Government.

The present rate of 2 cents per pound is bound under the General Agreement on Tariffs and Trade. Hon. Members will appreciate that negotiations would have to take place if the Board's recommendation is to be implemented. Interested parties who may wish to comment on this report should do so promptly.

AIR TRANSPORT

AIR CANADA-CANADIAN PACIFIC AIR LINES—SIMILAR FARES ON DOMESTIC FLIGHTS

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I have a question for the Minister of Transport concerning Air Canada and Canadian Pacific Air Lines. There is a reliable report that these two rival air lines, competing in our free enterprise system, are now going to charge the same fares on economy and first class flights on their Montreal-Toronto-Winnipeg-Vancouver routes after April 25. Has this arrangement come about through the activities of the Minister, who met with the Presidents of the two air lines, and does he approve of the proposal?

Hon. J. W. Pickersgill (Minister of Transport): Well, Mr. Speaker, the two air lines indicated to me some little time ago they were filing similar tariffs effective April 25. I noticed the same dispatch as the hon. gentleman did in the newspaper, and I would think this is correct.

Mr. Churchill: Does this meet with the Minister's approval, that these two competing air lines should now enter into what appears to be a combine to charge the same fares across the country?

Mr. Pickersgill: I have a feeling, sir, that this is one area, the area of fares, that does not lend itself very much to competition, any more between the air lines than it does between the railways.

THE CANADIAN ECONOMY

STEPS TO MEET REPORTED INCREASE IN COST OF LIVING

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): I have a question for the Minister of Finance relating to the cost of living index which has just been published for March, 1965 and which stands at 137.3 as compared with 134.6 a year ago, an increase of 2.7 percentage points.

In view of the fact that the Economic Council of Canada has recommended that we hold any increase in the cost of living to 2 percentage points, I want to ask the Minister is his Department taking any measures to counteract this increase in the cost of living?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the report of the Dominion Bureau of Statistics showed that the cost of living in March was two tenths of one percentage point higher than in the previous month, which would mean an increase of substantially less than one fifth of one per cent from one month to the other. Over the year the increase was 2 per cent which, as I have said on other occasions, is the lowest increase in any industrialized country in the world with the exception of the United States.

Mr. Douglas: In view of the fact that the increase in the commodity index is 2.7 percentage points I am asking the Minister, is his Department setting up any machinery or taking any measures to counteract this progressive increase?

Mr. Gordon: The Government is doing its best to encourage everybody to keep down the cost of production. That is the way in which the objective of my hon. friend—

Some hon. Members: Oh, oh.

Mr. Gordon: There seems to be a little noise at the moment, Mr. Speaker. I can assure my hon. friend that this objective will be kept very much in mind.

Mr. Diefenbaker: Remove the 11 per cent sales tax.

Mr. Douglas: I am asking the Minister, is any machinery being set up by his Department to ascertain whether these increases are fully justified?

Mr. Gordon: This is being watched carefully week by week.

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I have a supplementary question for the Minister of Finance. I want to know if the Government is going to practice what it has just preached.

Mr. Gordon: Certainly, Mr. Speaker.

EXPO '67

REPORTED CALLING OF TENDERS FOR C.B.C. BUILDING

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Secretary of State and is twofold in nature. Is it correct that tenders are being let at the present time for the $10 million C.B.C. project at Expo '67? Second, if that is so, on what basis is the C.B.C. able to make such a commitment when there has been no appropriation in this House for such an expenditure?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I shall be very happy to seek the information and reply later.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): The Minister has stated that he will look into this matter. I would ask him, did he not make a statement in Montreal in connection with this very peculiar proposition? Did he not make the following statement:

> —it is possible to have at least part of the money available through the parliamentary process known as interim supply.

I am quoting from the Montreal *Star* of March 26, where it was further reported:

> Technically, there will be no money available for construction purposes until the C.B.C. estimates are approved in the House of Commons; for practical purposes, however, according to Secretary of State Maurice Lamontagne . . . it is possible—

I would ask the Minister to explain why he now has to look into the matter. When he spoke in Montreal he understood fully what was being done in the outrageous proposition advanced by Mr. Ouimet for spending $10 million without authorization by Parliament.

Mr. Lamontagne: Mr. Speaker, the question asked by the hon. member for Red Deer was about tenders, and I certainly did not say anything about tenders in Montreal.

Mr. Diefenbaker: All right. Will the Minister explain now what he meant when he said that the C.B.C. can go ahead and spend $10 million on a building for the purposes of the C.B.C., when no amount has been allotted by Parliament? What right has the head of the C.B.C. to make an announcement like that without consideration by Parliament?

Mr. Lamontagne: Mr. Speaker, at that time we announced a proposal or project, but I certainly did not say we intended to go on with that project without the approval of Parliament.

• (11:30 a.m.)

An hon. Member: Who is "we"?

Hon. Marcel Lambert (Edmonton West): A supplementary question, Mr. Speaker. Is it not a fact that a contract has been let for part of this work?

Mr. Lamontagne: I said, Mr. Speaker, that I would seek the information.

[*Later:*]

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Secretary of State that I intended to ask before. Would the minister consider recommending that all Expo expenditures, past, present and particularly future, be referred to a special committee of the House so that we can all get the story on these mounting, astronomical expenditures?

Mr. Lamontagne: Mr. Speaker, I am afraid my hon. friend should direct his question to the Minister of Trade and Commerce.

Mr. Bell: Well, as a matter of fact I will address my question to the Prime Minister. Will the Prime Minister consider recommending that all Expo expenditures, past, present and particularly future, be referred to a special committee of the House so that all members and particularly the Canadian people can get the full story with regard to these mounting, astronomical expenditures?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if that were done literally I think it would be very difficult indeed to have Expo ready for 1967.

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary question to that asked by the hon. member for Saint John-Albert. I wanted to direct it to the Minister of Finance, but since he is absent I will address it to the Prime Minister. Are expenditures on Expo '67 approved by Treasury Board in the same manner as normal expenditures, and are the regular rules to which he referred yesterday applicable?

Mr. Pearson: Mr. Speaker, Expo '67 is operating under legislation passed by this Parliament under the previous government, and the regular procedures are being followed.

Mr. Diefenbaker: Mr. Speaker, when the Prime Minister mentions that fact does he not recall that he said that expenditures by the federal government should be limited to $20 million?

[*Translation*]

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister.

Could the right hon. Prime Minister tell the house at the same time what extraordinary amounts will Expo '67 inject into the economy of the country?

[*Text*]

Mr. Pearson: Many millions, Mr. Speaker.

Mr. Bell: We are spending billions.

[*Translation*]

Hon. Théogène Ricard (St. Hyacinthe-Bagot): Mr. Speaker, would the Prime Minis-

ter tell us what authority, what government is responsible for making of the Montreal world fair a reality?

[*Text*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, this is under my jurisdiction, and if there are any questions I would be very happy to answer them.

FINANCE

INQUIRY AS TO POSSIBLE TAX REDUCTIONS

On the orders of the day:

[*Translation*]

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

On the occasion of his next budget, does the minister intend to lower some taxes so as to lessen the detrimental effect of the tax increase by the Quebec Liberal government?

[*Text*]

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I am sure my hon. friend would not wish me to announce in advance what would be in the Budget.

Mr. Thomas M. Bell (Saint John-Albert): A supplementary question, Mr. Speaker. Will the Minister say, in an effort to assist those who have to make plans, when we can expect the Budget? Will he narrow the time down, at least?

Mr. Gordon: Mr. Speaker, I hope to make an announcement in specific terms on Monday.

[*Later:*]

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a supplementary question to the Minister of Finance.

In view of the pyramid of new taxes announced yesterday in the province of Quebec, can the minister tell us whether this is part of the federal-provincial joint programs?

[*Text*]

Mr. Gordon: Mr. Speaker, this Government has no control over or anything to say about the taxes levied by any of the Provinces.

EXTERNAL AFFAIRS

WEST BERLIN—STEPS TO END INTERFERENCE WITH ACCESS

On the orders of the day:

Hon. D. S. Harkness (Calgary South): Mr. Speaker, I have a question for the Secretary of State for External Affairs. Can the Minister tell us what is the present situation with regard to the interference with and harassment of traffic into and out of West Berlin and what action, if any, the NATO Council has taken to try to bring an end to this potentially dangerous situation?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, may I ask my hon. friend to allow me to take this question as notice.

PROPOSED EUROPEAN TOUR BY CANADIAN HOCKEY PLAYERS

On the orders of the day:

Mr. J. J. Greene (Renfrew South): Mr. Speaker, I have a question for the right hon. Prime Minister. It is reported that Canadian hockey players, led by the incomparable Mr. Gordon Howe, are to be prevented from playing in Austria. Canada has made welcome Russian, Czech and other European teams in the past. Does the Government contemplate any action to enable this proposed tour of Canadian N.H.L. ambassadors to be carried out, in order that Europeans may at last have the opportunity of viewing the finest hockey players in the world, Canadians of the National Hockey League?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps this question should have been addressed to the Secretary of State for External Affairs, but I can tell my hon. friend that appropriate steps, through diplomatic channels, are being taken to remove, if possible, the obstacles in the way of this tour of N.H.L. hockey players led by, as my hon. friend designated him, the incomparable Gordon Howe. Mr. Speaker, there is one hockey player who is comparable to Mr. Gordon Howe, and that is the Member of this House for York West (Mr. Kelly), who last night in his 126th Stanley Cup game scored two goals.

Some hon. Members: Hear, hear.

Mr. Greene: Mr. Speaker, on a point of privilege, I withdraw that adjective and concur in the Prime Minister's statement.

NATIONAL DEFENCE

PARTICIPATION BY CANADIAN INDUSTRY IN PRODUCTION OF NEW PLANE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish to direct a question to the Minister of National Defence. Could the

Minister tell us whether the various companies, Douglas, Northrop and Link-Temco-Vought, have made equivalent offers to the Canadian aircraft industry with regard to participation in the production of the aircraft they are now offering for consideration to the Minister and the Government?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I would not be in a position to answer that question. There is a very real difficulty in describing what the hon. gentleman would mean by "equivalent". Also, in so far as the actual proposals made to the companies are concerned, I am not directly involved in that aspect of the negotiations. These negotiations are being carried on by the Department of Defence Production.

Mr. Lambert: A supplementary question, Mr. Speaker. Is it the Minister's intention to insist that Canadian aircraft component manufacturers have an equal chance to tender for the supply of parts for whatever aircraft is bought by the Department of Defence Production?

Mr. Hellyer: Mr. Speaker, whatever the ultimate decision is, it will be one which will be good for the Canadian areospace industry.

BUSINESS OF THE HOUSE

REQUEST FOR VOTE AT EARLIER HOUR TODAY

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to put a question to the President of the Privy Council in his capacity as government house leader, with regard to the suggestion I made last night.

Did he have the opportunity to meet with the representatives of the various parties this morning in order to decide if the vote to be taken at 5.30 this afternoon could not take place at 3.30 instead?

I made this suggestion in the hope that after the vote we could take advantage of the good will of the house and even carry the main motion, which would enable us to proceed with government business as early as next Monday?

[*Text*]

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, a meeting of the house leaders was held this morning. There was no agreement to change the hour for taking the vote. Consequently the vote will be taken, as provided in the rules, at 5.30 this afternoon.

[*Translation*]

Mr. Lessard (Lake St. John): I am sorry, Mr. Speaker.

[*Text*]

POWER

BRITISH COLUMBIA—APPLICATIONS FOR LICENCES FOR DAM CONSTRUCTION

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to raise a matter of national and considerable importance. It has to do with recognition of the Statutes of this land, passed by this Parliament. My question is based on the fact that clause 4 of the International River Improvements Act reads:

> No person shall construct, operate or maintain an international river improvement unless he holds a valid licence therefor issued under this Act.

And clause 5 of the said Act states that every person who violates this Act or any regulation thereof is guilty of an offence and liable to a fine of up to $5,000 or five years imprisonment. My question to the Minister of Northern Affairs and National Resources is this. Would the Minister inform the House whether the B.C. Hydro and Power Authority have complied with the law by applying for a licence under this Act for the construction of the High Arrow Dam?

Mr. Speaker: Order, please. I am not sure whether the hon. Member is asking for a legal opinion or not, but it seems to me the question is not in order; and if it is in order, it certainly should be on the order paper.

Mr. Herridge: I will have a go at ten o'clock on Monday, Mr. Speaker.

[*Later:*]

Mr. Herridge: Mr. Speaker, with all due respect I rise on a question of privilege, because I think there was a misunderstanding about my question. I was not seeking a legal opinion; I was just seeking information from the Minister which he must have as a result of his administrative duties. I understand that unfortunately he is not going to be here next week, and this matter is of great interest to this House and to the country. I beg your mercy, Mr. Speaker, and ask you to reconsider your former decision in respect of my question.

Mr. Speaker: This being the Easter season I think the hon. Member should be given the benefit of the doubt.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker,

first of all I should like to thank the hon. Member for giving me notice of this question. This has enabled me to bring some details of this matter to the hon. Member's attention.

On January 11 I received a letter from Dr. H. L. Keenleyside, who is co-chairman of the British Columbia Hydro and Power Authority in which he asked me that the Authority, namely the entity which is charged with building the dams under the Canada-British Columbia agreement, be exempted from the provisions of the International River Improvements Act, which requires the entity to seek permits for the building of dams on the river. I can assure the House that we took some time to study this matter and I did not reply to Dr. Keenleyside until March 1, at which time I wrote as follows:

> The express covenant of Canada in paragraph (3) of that Section as confirmed by Section 6 of the Supplementary Agreement does not admit of an alternative to issuing a licence. We have, therefore, decided to issue the licences as required by the Statute
>
> This decision to licence the projects has been confirmed by an Order-In-Council dated February 16, 1965, a copy of which is attached along with draft copies of the licences which I propose to issue.

I wrote this letter to Dr. Keenleyside on March 1 but to date I have not heard from him. I attach no more significance to that fact than that he and his officials are now studying the draft form licences which were sent to him at that time.

BICULTURALISM AND BILINGUALISM

SURVEY OF MEMBERS OF PARLIAMENT BY ROYAL COMMISSION

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): Yesterday, Mr. Speaker, and the previous day the right hon. Leader of the Opposition called my attention to two questions which had been previously asked by Members on the other side regarding certain questionnaires that had been submitted to Members of Parliament by the Bilingualism and Biculturalism Commission. I have received information from the Commission on this point which I would like to give to the House in answer to the questions.

The Royal Commission in question had among its terms of reference the obligation "to inquire into and report upon the existing state of bilingualism and biculturalism in Canada". In order to understand better how Canadians of different cultures and language groups work together, and in particular to study the possible effects of differing attitudes within the two principal linguistic groups of the country, the Commission has undertaken a number of studies of major Canadian institutions. It was felt by the Commission that no such study could be complete if it ignored Parliament, the pre-eminent political body in the country.

The purpose of this research project is to try to understand in what ways the role of the Canadian Member of Parliament and Senator is affected by Canada's bilingual and bicultural character and by the presence of other cultural groups. In particular, the relation of the Member of Parliament to his constituents, his Party and the Party Caucus in Parliament, is being explored as a means of assessing whether or how our bilingual character affects these matters. In carrying out the survey every precaution has been taken to assure that it will be impossible to identify any individual Member of Parliament.

Some hon. Members: Oh, oh.

Mr. Pearson: The individual replies will be used to build up statistics and non-attributable statements, and only these results will be available to the Commissioners. Approaches to this end are being made to Members individually. It is hoped by the Commission to interview all of them, but it is clearly understood that any Member may not wish to be interviewed and has no obligation to receive any representative of the Commission and answer any questions. If a Member agrees to be interviewed on this subject, he may decline to answer any specific questions.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I cannot deal with what the right hon. gentleman has said because it was not put forward at the time of motions. But I would ask him this. Has he read over the questions? Does he not agree with the view of a great national newspaper which says it is an affront to Parliament? I refer to a paper that I am sure the seatmate of the Prime Minister will agree comes within that ambit, the Windsor *Star*.

• (11:40 a.m.)

Does he not agree that this touches new heights of foolishness which cannot be dismissed as ordinary harmless foolishness; that it is insulting to Members of Parliament and to the voters who elect them? I would ask him whether he would review the questions

that are being asked. I cannot do this now, but I hope to have an opportunity very soon of dealing with this subject because these questions, with the exception of five or six, are simply snooping, I suggest to the Prime Minister, and have nothing to do with biculturalism.

Mr. Pearson: I will be glad to examine the questions in the light of the right hon. gentleman's remarks.

Mr. Nicholas Mandziuk (Marquette): May I address a question to the Prime Minister. I doubt that he will care to answer it. Does he by any stretch of imagination see any connection between bicultural and bilingual conditions in Canada and questions which ask a Member of Parliament about his relationship with a political party, how he was elected and whether politics is a dirty game?

Mr. Pearson: The hon. Member's doubts were well founded when he suggested I would not care to answer that question on the orders of the day. But I will be glad to look into it, as I am looking into the question asked by the right hon. gentleman.

CANADIAN BROADCASTING CORPORATION

VANCOUVER—POSSIBLE USE OF FORMER R.C.A.F. BASE

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): I wish to address a question to the Minister of Northern Affairs and National Resources, and I do so since he is one of our cabinet representatives from the city of Vancouver. My question is one of urgency and importance to the city of Vancouver. I should like to ask him, relative to any Government proposals now determined or under consideration, and relative to the transfer of lands at Kitsilano which were previously occupied for defence purposes—

Some hon. Members: Order paper.

Mr. Winch: Oh, no; this is too damned important to Vancouver for the order paper.

I should like to ask whether a decision has been reached or is contemplated and, if so, what is the decision or what is the contemplation in view of the presentation made by the Vancouver parks board, by the city council and by Members of Parliament from Vancouver on this matter.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I think this question might be better answered by the Secretary of State. There is a resolution of the city council with which the Minister of Citizenship and Immigration and I are dealing in consultation with the Secretary of State. This resolution of city council set forth certain conditions under which they would agree to accept responsibility for the Kitsilano area and at the same time satisfy the requirements of the C.B.C. These matters are now being discussed with the Secretary of State.

Mr. Winch: Can I now ask the Secretary of State what is the present status of the consideration of this matter, after almost two years; and what is going to happen on the Kitsilano reserve which during the last war went to the defence department on condition that it would be returned?

Hon. Maurice Lamontagne (Secretary of State): All I can say is that we are planning to hold a meeting of Cabinet Ministers about this matter immediately after orders of the day.

INDUSTRY

BENEFITS OF CANADA-U.S. AUTOMOBILE AGREEMENT TO CANADIAN CONSUMERS

On the orders of the day:

Mr. A. D. Hales (Wellington South): I should like to address my question to the Prime Minister. It has to do with a question which was asked by the hon. member for Burnaby-Coquitlam the day before yesterday indicating that Canadian-made cars are now being sold in the United States at the same price as American cars. The Prime Minister said he would look into this and report at once.

Right Hon. L. B. Pearson (Prime Minister): Yes. As I indicated to the hon. member who asked the question, I am looking into this. I am trying to get together all the information which deals with this matter. I have not got it yet, but I hope to be able to give an answer before long.

DOMINION-PROVINCIAL RELATIONS

SUGGESTED CONFLICT BETWEEN PRESENT LEGISLATION AND PROPOSED ASSISTANCE PLAN

On the orders of the day:

Mr. J. N. Ormiston (Melville): I, too, have a question I should like to ask the Prime Minister. In the light of the opting out legislation passed in the lest Session how can the right hon. gentleman reconcile this idea with

his proposal to establish a Canada Assistance Plan providing for Federal sharing in the cost of comprehensive programs which may be undertaken?

Right Hon. L. B. Pearson (Prime Minister): I have no difficulty in making that reconciliation.

Mr. Speaker: Order. It does strike me that if that is a question it is a most argumentative one. It is important in theory, but it is not the type of question which is in order at this stage of our proceedings.

SHIPPING

CONTINUATION OF ICE CONTROL CENTRE AT SYDNEY, N.S.

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for the Minister of Transport. Is consideration being given by the hon. gentleman's Department to the removal of the ice control operations centre for the Gulf of St. Lawrence and the Atlantic areas from Cape Breton to Halifax?

Hon. J. W. Pickersgill (Minister of Transport): No. I think this is about the most nonsensical suggestion I have seen in a long time. It would be just about as sensible to consider moving it to Bermuda. Everybody knows that Halifax is an ice-free port and that the control headquarters at Sydney is doing a wonderful job.

Mr. Muir (Cape Breton North and Victoria): I am pleased to hear the Minister make that statement. It makes me very happy to have that statement on the record. Will he give an assurance that the ice operations control centre will not be moved from Cape Breton to any other area?

Mr. Pickersgill: Well, there is no thought of doing anything of that kind.

TRANSPORT

APPLICATION BY RUSSIAN SHIP TO USE ST. LAWRENCE SEAWAY

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I ask the Minister of Transport if he is now in a position to answer my question of yesterday regarding the application made on behalf of a Russian ship to use the St. Lawrence Seaway.

Mr. Pickersgill: I think the Secretary of State for External Affairs might be in a better position to reply.

Hon. Paul Martin (Secretary of State for External Affairs): The application is under consideration. Similar treatment has not up to the present I believe been accorded to Canadian ships by the Soviet Union. Nevertheless the application is being examined on its merits.

Mr. Knowles: May I address a supplementary question to either of the two Ministers. Has their attention been called to a report on this matter in the Winnipeg *Free Press* written by Mr. Victor Mackie, to the effect that reciprocity and security are the matters being considered in relation to this application? Is this correct?

Mr. Martin (Essex East): I have not seen the article, but knowing Mr. Mackie I am sure it is a very thoroughly written article.

TRADE

REPORTED INCREASE IN IMPORTS OF JAPANESE TEXTILES

On the orders of the day:

[*Translation*]

Mr. Rémi Paul (Berthier-Maskinongé-Delanaudière): Mr. Speaker, I wish to direct a question to the Minister of Trade and Commerce.

Can he tell the House what steps he intends to take to stop the flood of textile products and clothing from Japan whose exports to Canada in 1964 increased by 37.5 per cent over 1963, according to a statement made by Mr. Dan Rosenbloom, administrative director of the Canadian Association of Clothing and Textile Manufacturers?

Could he tell us what policy the government intends to follow to protect the Canadian Textile Industry?

[*Text*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): I am aware of the representations made by Mr. Rosenbloom. These are under consideration. If there are any changes to be made in our present policy they will be announced either by myself or by the Minister of Finance.

NATIONAL PARKS

JASPER—USE OF FACILITIES AS OLYMPIC TRAINING CENTRE

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): I have a question for the Minister of Northern Affairs and National Resources on the subject

of athletic prowess, discussed earlier today in the House.

• (11:50 a.m.)

Would the Minister of Northern Affairs and National Resources consider making available the athletic training facilities at Jasper National Park as an Olympic training centre, either under the auspices of the Canadian youth program about to be established or the physical fitness program which has been operating for several years?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I should certainly want to take this question as notice. My friend knows as well as I that we have certain facilities there which were acquired I think during his tenure of office, and which would appear to include all the requirements for such a training camp. We will certainly take this under advisement.

IMMIGRATION

TORONTO—PROSECUTION OF CHINESE LANDED IMMIGRANT

On the orders of the day:

Mr. S. Perry Ryan (Spadina): Mr. Speaker, I have a question for the Minister of Citizenship and Immigration arising out of a report which appeared in the Toronto Evening *Star* last evening. Can the Minister give this House any explanation today for the launching of a prosecution against a Chinese landed immigrant, Ngar Mye Lau?

Some hon. Members: Order paper.

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, there is a strong element of urgency in this matter, and I thank the hon. Member for having raised it. I should like to assure the House that it was a somewhat disturbing article, that appeared in the newspaper, and it merits the consideration of every Member of the House and all those people, who are interested in the administration of the Immigration Act in this country. I want to say also that the prosecution out of which the decision of the Court of Appeal of Ontario arose, the decision handed down the day before yesterday, was not the result of any charge that was instituted by the department of immigration or any of its officials.

This matter was first brought to my attention yesterday and I said I would look into it. My preliminary report indicates that this matter involves an offence which is not covered by the amnesty that was introduced by the previous Government, nor is it covered by the extension that was announced by my predecessor, Mr. Tremblay, last August. However, the circumstances are special and I would ask the hon. Member's agreement to take his question as notice, so I can make a complete study and a statement at the beginning of next week.

I believe that this House, the people of Canada and particularly the Chinese Canadian communities are entitled to know that the assurances given with regard to the amnesty both by this Government and by the previous Government will be adhered to in spirit and to the letter. There have been some 8,300 people who have come forward and made adjustment statements since the amnesty was first instituted, who have not been prosecuted.

I understand that the circumstances are rather special in this case. I need a little time to obtain a further report and to confer with my colleague, the Minister of Justice, but I promise the House I will make a full statement at the beginning of next week.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, the Minister mentioned that this case did not come within the provisions of the general amnesty. Will the Minister indicate in what way it did not come within those provisions? I am sure he can do that immediately.

Mr. Nicholson: Mr. Speaker, I have only received a preliminary report and I require time to confirm the fact, but my information is that certain authorities—not of the immigration department—received a report to the effect that an offence had been committed and a charge was laid in early September of last year.

Mr. Diefenbaker: By whom was that charge laid?

Mr. Nicholson: This is what I want to check, but my present information is that it was laid by the police on September 4, and a so-called adjustment statement was made subsequent to that time. I want to obtain all the facts so I can explain this situation clearly.

I should like to repeat, however, that nobody who has acted in good faith in coming forward to make an adjustment statement need worry about being prosecuted, unless he has been engaged in trafficking in immigration documents on a commercial basis or has committed illegal or fraudulent acts for personal gain.

Mr. H. Russell MacEwan (Pictou): I have a supplementary question, Mr. Speaker. I should like to ask the Minister whether he intends to withdraw, or has withdrawn, what I believe is form 1000 which has been used in respect of these cases, as he recently stated in Vancouver would be done.

Mr. Nicholson: The short answer to that question is yes, Mr. Speaker. I did not know that such a document was still in use, but in the early days when ships from the Orient were coming to the ports of Vancouver and Victoria in great numbers, form 1000 was in fairly common use to facilitate the return of people coming from China to this country. These people can enter the United States, then enter Canada from the United States or re-enter without such a form, and it seems absurd that a person of Chinese origin returning to Canada via the port of Seattle or San Francisco by air is not required to use this form, but those arriving in Canada direct must do so. Within 24 hours of the time I learned of its continued use, such use was abolished. I can assure the House that action was taken within a matter of hours of my learning of the continual existence of this form, and they are no longer required.

WATER LEVELS

GREAT LAKES—INQUIRY AS TO PRESENT SITUATION

On the orders of the day:

Mr. P. V. Noble (Grey North): Mr. Speaker, I should like to address a question to the Minister of Northern Affairs and National Resources. Can the Minister make any favourable report in respect of water levels in the Great Lakes?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I have read favourable weather reports and I know there have been reports made by various authorities that the low point has been reached and that precipitation has been higher, and that we are now entering upon a period during which the water levels in the Lakes will rise again in the next several years. This is dependent entirely upon nature, of course, but a great number of suggestions have been made in this regard and a great deal of attention is being paid to this subject.

I should like to pay a compliment to the House Committee which dealt with this matter and which presented an interim report of real value. A great number of other authorities are also making suggestions with regard to raising the water levels by means other than those provided by nature. In any event, it would now appear that nature is on our side.

[*Later:*]

Mr. M. W. Martin (Timmins): Mr. Speaker, I have a supplementary question for the Minister of Northern Affairs and National Resources arising out of his answer a moment ago when he stated with regard to the Great Lakes water situation, if I understood him correctly, that nature is now on our side. Would the Minister not agree that if we had been a little more on nature's side we would not have had this problem in the first place?

ADMINISTRATION OF JUSTICE

LUCIEN RIVARD—REPORTED PRESENCE IN PERU

On the orders of the day:

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to direct a question to the Minister of Justice.

Has the minister in the past few hours read a report to the effect that the Canadian fugitive, Lucien Rivard, had been seen in Peru in Latin America?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, in reply to this question I should like to say that, although my answer which I already have given in the house, is of a general character, as my predecessors were wont to do for that matter, it would not be in the interest of the administration of justice that the Attorney General should announce or divulge daily progress of the work done by the police in a given case.

[*Text*]

• (12 noon)

CANADIAN CITIZENSHIP

REGINA—INQUIRY AS TO ESTABLISHMENT OF COURT

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I wish to direct a question to the Minister of Citizenship and Immigration. May I preface it by saying that I approve of the mission that took the Minister to Kitchener on April 7. I should like to know when we are going to have a Citizenship Court established in the City of Regina?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): The matter is under study, Mr. Speaker.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Thursday, April 8, consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session, and the amendment thereto of Mr. Diefenbaker, and the amendment to the amendment of Mr. Marcoux.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in the few minutes I had last night I made the point that the Economic Council in its first report told the Canadian people that if we are to bring unemployment down to a rate of 3 per cent by 1970 we will have to find a million and a half new jobs for Canadian workers.

Mr. Speaker, the magnitude of one percentage point of unemployment is tremendous. According to figures produced by the Economic Council it can be seen that if we can manage to reduce unemployment by one additional percentage point by 1970 we will be able to add to the value of output in Canada by $825 million a year.

What we can do with this additional wealth is, of course, phenomenal. For instance, the Hall Commission report stated that the additional cost to the economy of the implementation of their proposals, not just medicare but also medical schools and research, would only be $466 million, or just over half the additional production which could be achieved by obtaining a one per cent reduction in unemployment. With $825 million we could build another university in every province in Canada to help meet the phenomenal increase in students which will be hitting our universities. To achieve this high rate of growth and to raise the effective demand for goods and services we must make our economy move at a much greater rate than it has been. The Economic Council put it very well when it said:

> An appropriate combination of strong expansionary policies is therefore required to generate adequate levels of demand both at home and in export markets in support of rapidly expanding employment.

We in the New Democratic Party believe that the aim of the government should be for a level of unemployment even lower than that proposed by the Economic Council. Other

countries in northwestern Europe with similar problems of winter and fewer resources have managed to keep unemployment down far below 3 per cent. For example, in 1963 when Canada's unemployment rate was 5½ per cent Sweden had a 1.4 per cent rate, Norway's rate was 1.7 per cent and Finland's rate was 1.5 per cent, while that of West Germany was as low as 0.8 per cent of the work force.

Strong expansionary policies of course require, as was pointed out by the Economic Council of Canada, both tax cuts and increased expenditures. We believe the Government should not hesitate in the budget they will be bringing down later this month to give tax cuts to the Canadian people. Cuts in tax rates will not have as bad an effect on Government revenue as initial figures would make one believe. It is our belief that the loss through the cutting of rates will largely be made up by increased yields as a result of the economic expansion induced by the cuts. This has recently been the experience of the United States following their substantial tax cuts last year.

We believe there is no need for expansion of our defence commitments at this time, and at the same time we believe there are some fields in which there are a great many unmet needs and that now is the time to meet them. There must be increased investment in human capital. We need more schools, more medical schools, more hospitals. We need far more investment in research and in the fields that deal with human welfare, health and education. Economic studies have shown that investment in these fields has a high return in the form of increased economic growth.

• (12:10 p.m.)

With considerable fanfare the Speech from the Throne announced the appointment of a science council which supposedly will do for science what the Canada Council has done for the arts and humanities. We have the right to ask in this House what this science council could do for science that the Scientific Secretariat headed by Dr. Forward has not been able to do. Government promises are cheap, and nothing is cheaper than a promise made by the Liberal Government. Of what use will the science council be when science, for the past number of years, has been stretched to the breaking point by the refusal of this Government to make available the necessary funds for scientific research?

It is not my intention today to document these facts in detail. I will content myself with one example. Dr. Hans Selye, of the

University of Montreal, is probably the best known Canadian working in the field of medical research. A communication received several days ago from his office brought to my attention—I am sure the Minister of Industry will know about this—the fact that the grant received by Dr. Selye's Institute of Experimental Medicine and Surgery from the United States, which amounted to approximately $225,000 last year, is to be terminated this year. Urgent appeals to the Medical Research Council of Canada have led to some increases in grants to his institute, but the difference between the amount he will receive in total from the United States and Canada this year as compared with last year is about $160,000. There is no doubt that key personnel will have to be dismissed and that important experimental programs will have to be terminated. All the while the Government has the audacity to claim that the appointment of a science council will solve our problems of scientific research. Nothing could be further from the truth than this claim.

Second, we need added investment in the human environment in Canada. We need increased urban and rural development, better housing, better transportation and so on. No field of action requires more aggressive action by the Government than the field of housing. In no field are the needs of the people so desperate, the opportunity for increased employment so great, economic growth so easy to achieve, as in the field of housing. In no field of endeavour have we failed so dismally as in the provision of housing for the people who are really in need.

I am not concerned, and the house does not need to be concerned, with the housing needs of people who make more than $6,000 a year. We have provided for them through the provisions of the National Housing Act. As somebody in Toronto said a year ago, our housing policy is a socialist policy for rich people and free enterprise for the poor people. It is the people who make less than $100 per week who find it impossible to either buy a house or rent a house at a rent which they can afford to pay.

Surveys have been made in Canada in the cities of Edmonton, Winnipeg, Toronto, Vancouver and Montreal. In the central part of every city a substantial portion of the people are living in housing which is a disgrace. Over 200,000 homes in these cities have no hot water service; close to 175,000 homes have no bath or shower; over 200,000 homes have toilet facilities which are shared by two or more families.

We have done virtually nothing about this. We have had some wonderful speeches over the years. The present Minister in charge of housing made an excellent speech when he introduced some amendments to the Housing Act during the last session. The number of public housing units built for people with low incomes is still less than 10,000. We have said, and we will continue to say, that legislation by itself will not do anything for people who need housing; that what we need is action, what we need is a full time Minister for housing.

Since I came to this House I know of no department that has had more difficulty, no Minister who has been in more trouble, than the Minister of Citizenship and Immigration (Mr. Nicholson). His is a difficult department. To expect him to handle that department—I am not going to talk about how he began that job—and also to be in charge of housing I think is to say in advance that we are not going to do the job in housing which is required. Even the United States, which has such a poor record when it comes to public housing, has begun to move. The major cities in the United States have begun to clean out the core, the rot, the slums which exist in the central part of every city on the American continent. It is about time Canada began to do the same thing. We call on the Government and the Minister in charge of housing to concentrate on that and go out and do a job on the housing needs of the people of Canada.

I believe that if the people of Canada knew of the situation, how bad conditions are for people who live in the poorer and older parts of the cities, they would do anything any Government wanted, federal, provincial or municipal, in order to clean up the mess which exists. We think there is a need in the field of housing, as in other fields. There is a tremendous backlog of production needs in social capital, in public housing, hospitals, schools and universities, roads, bridges, parks, electric power, conservation and development of natural resources, centres for recreation and the arts, scientific and technical institutions, etc.

We believe that unlike the private sector of our economy, where there is still a great deal of excess capacity, the public sector offers tremendous room for the investment of idle capital, the utilization of unused natural resources and the employment of thousands of men and women who are still unemployed. The Government has indicated its intention of

taking some action in this field. This is encouraging. But the Government's thinking on this question is still struggling in the strait-jacket of outmoded theories on the role of public investment. Until it breaks out of this strait-jacket, action in this field will continue to be puny and half-hearted. This Government obviously believes the proper amount of public investment is merely the residue of whatever private investment happens to require. Their approach is to give priority to private investment, and after it has clearly delineated the areas where it is not prepared to act, only then should the Government step in with public investment to patch up the gaps. We believe public investment must be expanded at a greater rate.

I want to make a concrete suggestion as to how this can be done. The Government has announced it is finally going to go ahead and establish the Canada Development Corporation. We believe it should utilize this instrument, not just for giving low interest loans to the large private interests, but should use this as a powerful instrument of national economic planning to publicly develop many of the resources needed for our economy and for the reduction of unemployment. Unless the Canada Development Corporation has large and massive funds available, its impact on Canada's economy and its ability to promote economic growth will be negligible. It will remain nothing more than one of the Liberal Party's many unfulfilled promises. Public and private funds should be made available to the Canada Development Corporation.

Last year legislation was enacted which would permit Canadian insurance companies to invest 25 per cent of their funds in the shares of Canadian industry rather than the 15 per cent previously permitted. Of what use was that legislation when the fact is that only 4.5 per cent of insurance companies' funds have been invested in shares and stocks of Canadian corporations? I suggest that legislation be enacted which would make it mandatory that 10 per cent of the funds of insurance companies be invested in the Canada Development Corporation. These funds could be used to develop Canada's resources and increase Canadian employment and possibly, but just possibly, help achieve the aim about which the Minister of Finance has talked so often, of decreasing or slowing up the rate at which Canadian industry and resources are being taken over, lock stock and barrel, by United States corporations.

[Mr. Orlikow.]

• (12:20 p.m.)

At the same time the government does the things which I have outlined, it must also begin real economic planning. What is needed is not so much a secretariat on poverty but a real planning board to promote the economic development of the country. Poverty cannot be divorced from the over-all performance of the economy. One of the main reasons we have poverty is because the economy is growing too slowly, and the Economic Council has demonstrated that very clearly. Poverty must be met head on, but it must not be met as a problem separate from all our other problems. Rather it must be seen as the result of failure on the part of our other policies.

We must, of course, support the methods for combating present poverty which are worthy of support, such as income maintenance for those who are unemployed, who are sick, who are old; adequate housing for those unable to provide it for themselves; education for all to make sure that the next generation and, as much as possible, the present generation will not be forced to live in poverty because of lack of knowledge and skills necessary to make a decent living.

These are all necessary and good. However, they are not sufficient. We believe we are going to have to plan the use of our resources, both material and human, much better than we have been able to do to date. We believe the people living in poverty in our society are, to a large extent, a changing group; that people move into this group and out again. Therefore, Mr. Speaker, we believe the Government is going to have to plan much more than even the Economic Council has envisioned because, as it functions today, we look on the Economic Council not as a planning agency but, unfortunately, only as an economic research agency.

I would like to see the Economic Council transformed so that it undertakes not only the economic research which is necessary but also economic planning, so this and future governments will be able to meet the needs of the Canadian people as they ought to be met. As I say, economic growth requires economic planning, and this is the job which an expanded Economic Council could do, together with the Government, with the hope and expectation that Canada's economy will continue to grow, Canada's resources will be used to their capacity, poverty will be eliminated and the needs of the people met.

The amendment proposed by the Leader of the Official Opposition has required much

thought on our part because it is more than a want of confidence motion. It is an indictment, in effect, of the moral integrity of the Government. Further, it pinpoints in the statement—

—the careless indifference and neglect of the Prime Minister in refusing to take action to eradicate wrongdoing in high and low places—

—the inadequacy of the Prime Minister in such a way as to pass a most harsh judgment on his capacity for making unhappy decisions, as well as his ability.

We interpret this phase of the amendment as not relating to the questions before the Dorion inquiry alone, but including the matter of the continuing position within the Liberal caucus of the hon. member for St. Jean-Iberville-Napierville (Mr. Dupuis) and the hon. member for Notre Dame de Grâce (Mr. Asselin). We were dismayed by the fact that there is not one word about this serious matter in the Speech from the Throne, and we wish the Prime Minister had dealt with this matter as a former Prime Minister, Sir Robert Borden, did during World War I.

We acknowledge that it is not easy to support this amendment, given the high repute of the Prime Minister through services rendered our country in years past. On the other hand, if we failed to support the amendment we would be denying our own conscience. We are much disturbed by the character of the response, the hesitation, the blind or vague spots in the stories given us by the Prime Minister, the general disgust and discouragement in the nation over these affairs, and the reputation given to the federal Parliament by the Prime Minister's behaviour and handling of these internal Liberal Party difficulties.

Therefore we have decided that the only responsible choice for us is to support the amendment. We do this recognizing that its consequences, if others join with us and the Official Opposition, may be the defeat of the Government and a general election.

[*Translation*]

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, even though my voice may not be too melodious today, I would be remiss if I did not at the outset join the chorus of praise directed towards the mover, the hon. member for St. John's West (Mr. Cashin) and the seconder, the hon. member for St. Maurice-Laflèche (Mr. Chrétien) of the address in reply to the speech from the throne. If, on the day those gentlemen made their speeches, John Cabot and Jacques Cartier had stepped out of the history books and sat in this house to listen to their respective posthumous protégés, if I may call them thus, they would surely have had a long discussion to determine which of those two young and brilliant members had been more eloquent and convincing. Being both great partisans of truth, I am sure they would have agreed as we all do here that both speeches were, each in its own way, as politically sincere and eloquent one as the other.

Mr. Speaker, I am proud to belong to the team which has taken advantage of the speech from the throne to present to the Canadian people a truly remarkable legislative program.

Mr. Speaker, I am proud—and I thank God and my fellow citizens for giving me the opportunity, despite some difficulties and sometimes also, perhaps, the cruelty of politics, especially for a beginner, to work on this team with the group of Liberals which faithfully surround me, for the greatest prosperity and happiness of the Canadian people. And all this under the dynamic leadership of a man who will undoubtedly be remembered in history as one of the great prime ministers of our country and certainly also as one of our most genuine Canadian patriots, the right hon. Prime Minister of Canada (Mr. Pearson).

Mr. Speaker, at the very beginning of the debate on the address in reply to the speech from the throne, the right hon. Leader of the Opposition (Mr. Diefenbaker) engaged in a biting speech, the skilful looseness of which was only surpassed by the outrageous series of contradictions to be found in it.

In that speech, which was certainly not a model of logical arrangement, the Leader of the Opposition, saw fit to bravely blame the Government—these are not the very words he used, but their inner meaning—for gathering in the speech from the throne a series of pieces of legislation almost without any link, intended merely to blind us to the facts and to serve electoral purposes.

Mr. Speaker, the speech from the throne as presented to the people of this country has not been written casually. It is a thoroughly thought out document, which contains a legislative program quite in accordance with the traditional thinking of the Liberal party in this country.

When one takes the trouble to analyse that speech from the throne, to study it objectively, one sees it, first of all, as the neces-

sary extension and the natural result of the mandate given to the Liberal party by the Canadian people at the general election of April 1963; second, it is the normal extension and natural result of the carrying out of the measures which this government succeeded in having passed by both houses and in putting into effect in a brief period of two years, despite the filibustering of an opposition which persisted in obstructing the work of parliament.

[*Text*]

• (12:30 p.m.)

Mr. Churchill: Your statement of systematic obstruction is wrong.

An hon. Member: Pipe down.

[*Translation*]

Mr. Favreau: Mr. Speaker, even if the official opposition in particular is green-eyed with jealousy over the speech from the Throne it meets the interests and wishes of every Canadian to such an extent that if any citizen of this country, with a knowledge of Canadian politics and of the achievements of the present Government in the last two years, had endeavoured to draft it beforehand, he would necessarily have included therein all the social and other measures which it contains.

Indeed, the speech from the Throne embodies remarkably well at least three of the great ideals which, traditionally, Liberal governments have pursued and which they endeavour to apply in the best interests of the citizens of this country: in the first place, a genuine Canadian patriotism, second, an unflagging concern for our economic stability and development, a finally, the wish to see the triumph of social justice, in its broadest sense, in this country and for every individual.

If they examine every measure proposed in the speech from the Throne, the hon. members will realize that they all fit within the framework of one of those three great ideals.

In view of the short time at my disposal, I will discuss more particularly the three proposed measures which specially fall within the purview of the department I have the honour to direct. In my opinion, those three measures are desirable so that Canada can maintain and enrich its civilization.

They all come under the banner of justice in a liberal society, with a small "l".

Justice is the respect of the rights of everyone and, in a modern world such as ours, justice would and should reconcile the con-

current interests of every Canadian, as well as the interests of the individual with those of the state.

Such a synthesis was difficult to work out, to effect, but it will be found that the three measures in question will carry it into effect if they are passed. Their purpose is to ensure first of all, in all fairness, the freedom the individual and in this connection, I shall deal briefly with the "ombudsman". I shall then refer to the protection of society and say a few words also about our research in the correctional field. Finally, I shall deal with the Canadianization of our country and make a few brief remarks about the proposed amendment formula to the Canadian constitution.

Mr. Speaker, the speech from the throne raises the question as to whether it is advisable to institute in our country an ombudsman and if so, what will be the terms of reference of the royal commission to study and report on matters respecting the administrative courts.

The growth of government business and services has made it necessary, in the interests of the citizens in our modern world of 1965, to a tremendous administrative machinery and a large increase in the number of civil servants. This was necessary because nowadays, the state is of necessity required to provide a great number of services that individuals had to provide for themselves in the past. The state is now taking a great number of decisions which hitherto belonged exclusively to the private citizen himself.

It is a fact, as found in several countries of the world, that this administrative machinery actually stands between the individual and the state. The private citizen has often been scared and sometimes completely overwhelmed. We have reached a point where, in some cases and in certain ways, people feel their personality is being perhaps crushed by the growth of legislative services. They feel a bit awed by this machinery which, of necessity, bears a somewhat impersonal character. That is why I think we must make sure that the citizens of this country where, after all, every government service is meant for them and to serve their own interests, are not hit on the rebound, so to speak, by a reaction which could leave the impression that their security and personal interests are affected to any extent. I think the citizen's confidence in the administration and the civil service must be restored or at least maintained. At the same time, and quite properly, civil servants should also feel nearer the

people and have not only the impression but the assurance that they enjoy the respect and confidence of the citizenry.

Some countries have already tried, and the experience varied from one country to the other, to overcome such difficulties and dangers by appointing a most impartial and independent officer who looks first of all for simplicity in all procedures. This officer is responsible and reports to parliament; in some countries he is called a parliamentary commissioner and, in others, an ombudsman.

I do not intend to recall the history of the ombudsman, I will briefly outline his duties. In short, an ombudsman could be a parliamentary officer whose function is to receive and examine complaints from Canadian citizens who may feel that they have been wronged by the authorities or that their rights are being encroached upon by some civil servants or departmental officials through misuse of authority. The function of that parliamentary commissioner or ombudsman would be, therefore, to examine the complaint and, if he deems it unwarranted to convince the plaintiff that he has not in fact been ill treated or placed in an untenable position and that the state was not unfair toward him; on the other hand, if the complaint is warranted, he would make to the state or to its officials the necessary recommendations so that the situation may be remedied.

• (12:40 p.m.)

[*Text*]

Mr. Woolliams: Would the Minister answer a question at this stage? Does he propose doing this by a Constitutional amendment or, in the alternative, by working out an arrangement with the Provinces, since we have a Federal system and there is a difference between the Federal authorities and those which are Provincial?

Mr. Favreau: I have just said that the Government proposes to submit the question of the advisability of establishing this body to a Royal Commission. I was just coming to the point raised by the hon. Member for Bow River—

[*Translation*]

—namely that, in the case of a country like ours, which has a federal constitution, it must be decided if, because there are two levels of government, federal and provincial, in short because the jurisdictions are divided, it would be really practical to appoint an ombudsman and if it could be done under conditions in keeping with British parliamentary traditions.

Of course that commission will have an opportunity to study the matter thoroughly.

The last thing I want to say is that this is the first government since confederation which gives so much thought to the possibility of undertaking such a study which, if my wishes come true, will result in the government and its officers being subject to the close scrutiny of an officer of parliament; there is no doubt that this is quite extraordinary for a government which is charged with unfairness because it is allegedly trying to hide things, although it is expressly forbidden by law to produce certain documents.

This government, in the fullest sense of the word—

[*Text*]

Mr. Brewin: I wonder whether the Minister would permit a question.

Mr. Favreau: I have only a few minutes left.

Mr. Deputy Speaker: The hon. Minister has the floor.

Mr. Brewin: Would the Minister tell us—

Mr. Deputy Speaker: Order. The Minister has indicated he does not wish to reply to a question at this time.

Mr. Favreau: I would be pleased to reply to any questions at the end of my remarks, but I have only a few minutes left.

• (12:50 p.m.)

[*Translation*]

Mr. Speaker, the speech from the throne is true to one of the ideals of the Liberal party, the protection of society.

I believe and maintain that in a modern and civilized world, our penal system makes sense only if it tends mainly to the rehabilitation of prisoners. Looked upon in that light, it remains the best protection for the citizen. We are no longer in an era of punishment for vengeful purposes. Living as we do in an entirely civilized country, everyone must realize that the penalty itself and even detention are, as I often said, justified only if the physical detention of the prisoner can better contribute to the freeing of his mind.

Therefore the institutional and psychological methods leading to such a freeing have to be studied very carefully.

With this end in view, a resolution will be put on the order paper without delay, for the establishment of a parliamentary com-

mittee of the Senate and the House of Commons, the terms of reference of which will be to consider the physical and material conditions in Canadian penitentiaries.

The creation of a second committee was officially announced in the speech from the throne in these words, and I quote:

My government will appoint a special committee to study and make recommendations on a comprehensive policy for the correction and rehabilitation of prisoners.

I am pleased to announce to the house that the terms of reference of the committee have already been approved by the cabinet. I have sent copies to the press because I do not have time to read it in full and, if the house agrees, I shall table two copies.

I am glad to say also that I am completing negotiations with the people whom I shall recommend to the government as members of the said special committee on our correctional system and of the secretariat which will be attached to it.

Those people will be on the list of experts and consultants in various fields, such as the information services dealing with parole, sociology, penology, psychology, psychiatry, and others who are interested in the rehabilitation of prisoners and the reform of our correctional system.

Of course, Mr. Speaker, this matter will involve the Criminal Code at least incidentally. There is another matter announced in the speech from the throne which will affect the Criminal Code one way or the other. I refer to the discussion on capital punishment in this house.

On that matter, I should like to make a brief announcement to the house. It will be a free vote, and not a vote along party lines. Since the matter touches the heart and reaches into the depth of the conscience of each and every Canadian, it is important that such a vote be completely enlightened. Consequently, I have given instructions to my department officials to prepare, for the information of hon. members and the general public, not a white paper, because it will not involve a matter of government policy, but an information pamphlet that will be made available to all hon. members. That pamphlet will contain statistics along with the pros and cons of the problems involved. Finally, there will be a historical record and the result of facts observed in various countries which, to a varying degree, have retained or abolished capital punishment.

Mr. Speaker, I said a while ago that the third aspect of a measure which I mentioned

[Mr. Favreau.]

gave evidence of the government's sense of a truly Canadian patriotism. In fact, imbued with a genuine Canadianism, this government expresses in the speech from the throne, its desire to have passed by both houses an Address to Her Majesty in order to give us once for all full control over our constitution.

This measure is part of the general policy which has caused the government to have the house pass, on that now historic day of last December, what has finally become the proud symbol of our unity, the red maple leaf flag.

Mr. Speaker, this address was inspired by that same spirit of love for our country which inspired the government's decision to propose now the adoption of "O Canada" as our national anthem.

The right hon. Leader of the Opposition launched a violent attack, which I suggest is unthinkable, against the amending formula. He forgot the proverb which is indeed very true: People who live in glass houses should not throw stones.

Mr. Lambert: Then watch out.

Mr. Favreau: Indeed this formula was conceived by his own government, in its essential characteristics as well as in its final form. And yet the Leader of the Opposition says: This is a dreadful measure which is contrary to the interests of Canadians, a measure which will freeze our constitution—he even said something about it being a "strait-jacket"—and finally a measure which would balkanize our country forever.

Mr. Speaker, we argue that this measure will be beneficial to Canada, that it will give us, Canadians, once for all, control over our constitution; it will enable us to amend, repeal or replace it, here in our country, in Canada.

In a letter to the Leader of the Opposition, dated October 26 last, one of my predecessors, Hon. Davie Fulton, former minister of justice, reminded him that the present formula is identical, in its essentials, to the formula which his government had asked all the provinces to ratify following the federal-provincial conferences of 1960 and 1961.

Mr. Speaker, I have only one minute left to remind the house that this measure is not an obstacle to the amendment of the constitution. In fact, far from being an obstacle, it will enable Canadians to discuss their political future freely between themselves and in their own country. It will become the

technical instrument to adjust federal and provincial long-term interests, the co-ordination of the dual loyalty of Canadians to the cultural ideals of their province and the political ideals of Canada. In brief, it puts an end to a mortifying anachronism.

That is how, Mr. Speaker, the Liberal mind considers three of the major questions concerning our country. I ask all reasonable men, all people of good will, all patriots, to join with us in building a country which will be authentically Canadian, because it is a just and civilized country.

[*Text*]

Mr. Douglas: Mr. Speaker, I should like to rise briefly on a point of order. The Minister has said he is going to give the terms of reference of which he has spoken to the Press, and it seems to me that they should be placed in *Hansard.*

Mr. Favreau: Mr. Speaker, I did ask leave of the House to table two copies.

Mr. Douglas: I would ask the Minister to seek leave of the House to have them included as an appendix to *Hansard* or as part of the Minister's speech.

Mr. Favreau: Mr. Speaker, I thank the hon. Member for Burnaby-Coquitlam for his very good suggestion. I should like to ask him to note carefully that I did ask for leave of the house to table two copies of these terms of reference at the same time as I give them to the Press. I have taken this course because the terms are too long to read at this time.

Mr. Douglas: Mr. Speaker, I would ask through you whether the House consents to have this included as an appendix to *Hansard.*

Mr. Deputy Speaker: Is that agreeable?

Some hon. Members: Agreed.

[*Editor's Note: For terms of document referred to above, see appendix.*]

Mr. Brewin: Mr. Speaker, may I ask the Minister a question?

Some hon. Members: It is one o'clock.

Mr. Deputy Speaker: Order. We are now faced with two difficulties. It is almost one o'clock, and the Minister's time has expired. Do hon. Members wish to allow the hon. Member to ask a question?

Some hon. Members: Agreed.

Mr. Brewin: Mr. Speaker, I should like to ask the Minister why, in view of what I consider is widespread support in this house, certainly on this side, for the appointment of an ombudsman, legislation cannot be introduced rather than delaying this by the appointment of a Royal Commission. There are ombudsmen now in other countries, and I am wondering why a Royal Commission is necessary.

Mr. Favreau: Mr. Speaker, I am personally convinced of the validity and value of such an institution, and I am aware of the fact that there is a great deal of support in many parts of this country and in many sectors of our population for the establishment of such an institution.

However, I hope the hon. gentleman will agree that many questions are being posed by people in many parts of the country as to whether, in view of our Federal constitution, in view of the fact that we have 11 governments, and in view of the division of jurisdiction within the provincial and federal fields, first it is advisable for Canada to establish such an institution; and second, whether certain precautions or certain modalities ought not to be adopted so as to make sure in the case of an affirmative report that the institution of an ombudsman will be both useful and effective in Canada. That is the only reason.

Mr. Crouse: 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. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, in rising to participate in this debate I should like first to congratulate the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) on the competent manner in which they moved and seconded the Address. Their speeches were well prepared and delivered in a manner that does credit to them and to the constituencies which elected them to this House. I listened with care to the last speaker, the Minister of Justice (Mr. Favreau), and in the course of his remarks he had nothing to say concerning our amendment. Obviously, he must agree with it and will support us in condemning the Government for its failure to deal with wrongdoing in high and low places.

I have read the Speech from the Throne in the hope I would find therein some special recognition of the social and economic ills that continue to plague the Atlantic Provinces. However, in this instance, the Liberals have run true to form and again ignored the Maritime area. The Throne Speech contains a mountain of proposed legislation, of which only a small part could vaguely be construed as applying to our area. Why was there no recognition given to the needs of our Maritime universities? Their financial plight should be of some concern to this Government. The university grants are still administered by the Federal authorities on the basis of the population of a province, divided into the size of the subsidy which the Federal Government makes available. The province then divides this sum by the number of university students within its borders, thereby determining the per student grant.

This method has resulted in a greater share going to the larger and growing provinces, while the Atlantic Provinces, especially Nova Scotia with its high student enrolment in its numerous universities, has received a smaller proportion of the grant than any province in Canada. The cost of maintaining and expanding Nova Scotia's universities is constantly increasing, mainly as a result of the actions of this Government and its 11 per cent sales tax on building materials. With costs spiraling, it may be necessary for economic reasons to restrict the enrolment of students from other regions of Canada. It would indeed be regrettable if this action became necessary. I think the Government should take another look at this matter immediately. A more equitable formula would be to make the total Federal subsidy available on a national basis with the grants to be provided to the various provinces based on the number of students attending universities in that province.

In the economic area surely this Government, which has 100 per cent support from the Province of Newfoundland—even if the Cabinet Minister's origin as a Newfoundlander is questionable—must give an answer to the Atlantic problems.

Mr. Cowan: I should like to raise a point of privilege, Mr. Speaker. As one coming from the Province of Ontario, I was rather hurt to hear a Member of this House referred to as having questionable origin when he comes from Ontario. I think they are quite reputable.

Mr. Mandziuk: On the question of privilege, why would not Ontario have him?

[Mr. Crouse.]

An hon. Member: He came from Manitoba.

Mr. Mandziuk: We did not want him.

Mr. Crouse: I am sure the Minister of Transport (Mr. Pickersgill) will regret that he is not present at the moment to hear this enjoyable interplay upon his origin.

I feel that this Government must know that the answer to the problems of the Atlantic Provinces is Federal action which will give the people of the region the opportunity to establish economic equality with central Canada through their own efforts. This action would provide facilities for self-development, on the one hand, and ensure the maintenance of existing vital industry at least throughout the long transition period on the other. Quite frankly, the opportunity to obtain economic parity just does not now exist. Certainly, in some areas, especially in Nova Scotia there has been substantial economic growth in recent years. There are other areas still suffering from unemployment. However, the opportunity to put the Atlantic Provinces on their feet has never been better than it is today, provided this Government moves courageously and with imagination, in the full realization of the fact that what is involved is the economic health of the entire nation.

After reading the Throne Speech it is evident the Liberals are taking the same attitude toward the Maritimes that they took for 22 years, an attitude of waiting for an almost incurable crisis to occur. This is the typical Grit method of avoiding action, and a refusal on the part of the Government to assume full responsibility for this regional problem which is, in effect, a national problem.

• (2:40 p.m.)

Perhaps this is due to the attitude of some of the Cabinet Ministers. The Minister of National Health and Welfare (Miss LaMarsh), whom I am glad to see in her seat, spoke in Montreal recently, as reported in the Halifax *Chronicle-Herald* of April 5. She apparently was looking through her rose coloured glasses as she reviewed what was taking place in the Atlantic Provinces, with special reference to Nova Scotia. This, in part, is what she said:

> Ottawa's assistance to the Atlantic Provinces is no longer regarded in Ottawa as "simply a form of federal hand-out—a means whereby Daddy can look after his shoeless cousin in Halifax," Health and Welfare Minister Judy LaMarsh told the Maritime Women's Club of Montreal Saturday.
>
> "Instead," she said, "the Atlantic Provinces are moving ahead with a pride in their own identity.

There's an air of confidence in the Maritimes that was not in existence a few years ago."

The reason, she suggested, included a world trend toward freer trade which had made the area more attractive for the location of industry; a new expansion by foreign firms of their operations in Canada, often with a preference for coastal locations; and a greater confidence by Maritimers in their own potential....

Miss LaMarsh also attributed much of the region's economic improvement to the policies of the Pearson Government.

One of these, the "designated areas" program, she disclosed for the first time, had resulted in some 20 firms indicating to the Government interest in establishing new plants or new production facilities in the Atlantic provinces....

Not all of the companies considering new operations in the area had yet made public their plans.

Among those which had were Deuterium of Canada Limited, which is establishing a heavy water plant at Glace Bay...Scott Paper Limited and Canadian Motor Industries Limited, which is benefiting from a site at Point Edward Naval Base being made available to it by the federal Government....

The Health Minister pointed out that the unemployment rate in the Atlantic Provinces now was down to 7.8 per cent, the lowest since 1956.

The hon. Lady cannot have it both ways. First she told this group that the Atlantic Provinces are "moving ahead with a pride in their own identity" because of a "world trend toward freer trade." Then she got a little bit political and tried to attribute much of the improvement to the policies of the Federal Government.

If the Minister were less interested in gathering bouquets for herself and the Government, she would realize that much of the credit for the present industrial revolution taking place in Nova Scotia must go to Hon. Robert Stanfield and his hard working cabinet. This dedicated group of men are leaving no stone unturned in their efforts to bring new employment opportunities to Nova Scotians. By studying local and regional possibilities, and refusing to listen to apostles of doom or gloom, they are bringing new industries and new prosperity to Nova Scotia.

Miss LaMarsh: Are you taking credit for Premier Stanfield?

Mr. Crouse: In pursuing their goals, however, they must not only endeavour to bring in new industries but must help provide an economic climate that will hold and expand existing primary industries.

The Minister asks if I am taking credit for Premier Stanfield. I am happy to tell her I cannot take credit for Premier Stanfield, but it has been my privilege in every Provincial election campaign to stand on the same platform to assist him in whatever way I can to continue in the job he is doing so well.

As I have said, in pursuing their goals in Nova Scotia the Provincial Cabinet, led by Premier Stanfield, must not only endeavour to bring in new industries but they must help provide an economic climate that will help hold and expand existing primary industries.

In order to obtain these goals the Premier of Nova Scotia, along with other Atlantic Province Premiers, requires additional assistance from the federal treasury. I say this because unemployment in the Atlantic Provinces is not what the minister told that group in Montreal, but in fact is higher than in any other part of Canada. The *Daily Gleaner* in its editorial on March 18, pointed out the seriousness of the problem, and I quote:

The mid-February employment report contained bad news for the Atlantic region. Unemployment stood at 13 per cent, a jump of 2.2 per cent from the figure of a month earlier. ...

The Atlantic region's jobless totalled 78,000, as compared with 64,000 in mid-January.... This shows conclusively that whatever is maintaining relative prosperity in every other part of Canada is not functioning in the Maritimes.

In mid-winter the primary industries, vital to the Atlantic economy, are operating at low ebb, and the region has only made the first gestures at developing the network of secondary industries to take up the employment slack.

So we have this veritable army of the unemployed, who, with their families must be sustained by various forms of relief and social assistance.

The shame and the folly of this situation should spur everyone concerned to a sustained effort to end this situation of regional inequality once and for all.

I repeat that the unemployment figure is 13 per cent, not 7.8 per cent. Perhaps it is time we reconstituted the truth squad.

When you examine these figures and compare them with the total claims for unemployment insurance at the end of January, which numbered 547,800, it is easy to note the higher percentage of unemployment and unemployed in the Maritime Provinces in relation to the rest of Canada.

Under such circumstances it is not difficult to understand the anger and despair of Maritimers, who take exception to the tariff wall with which we have surrounded such industries as the assembly plants of United States automobile manufacturers in Ontario. We have been told repeatedly that the wall is there to safeguard the jobs of workers. As a result, Canadians pay approximately one third more for their cars than Americans

do, and people in the Maritimes, as a result of greater distance from the assembly plants and the higher freight rates, must pay more for their cars than citizens of Quebec or Ontario. We are told in the Throne Speech that in this session we will be asked to approve a resolution concerning the important agreement on the automobile industry recently concluded with the United States. Mr. Speaker, in all sincerity, I ask to whom is this agreement important? Since its terms have been announced, we have not seen or heard of any reduction in the price of automobiles to Canadian buyers, and since cars are no longer a luxury, but a necessity to the average Canadian, this should certainly be the objective of any change in the present legislation.

As I said earlier, we are told in the Maritimes we must pay more by way of tariffs on automobiles to protect the jobs of the workers. What about the workers in the Atlantic Provinces and their need for job protection? For some years, Maritimers enjoyed a preferred position on goods moving within the area and westbound from the Maritimes, but the disparity in present freight charges works a hardship on our primary and secondary industries, and when our products cannot be delivered competitively, our industries slacken or close down. It can truthfully be said that higher freight rates contribute to our unemployment condition.

Maritimers quite rightly ask, what can be done to improve the situation? Well, the Speech from the Throne promises comprehensive legislation to reform public regulation of the railways and to facilitate the adoption of the railway system to present and future needs. It seems to me that I have heard that song before.

For more than two years, transportation experts in the Department of Transport have worked out new railway legislation based on the MacPherson Commission's recommendations; but what happens? As soon as the public get an opportunity to look at these recommendations, and point out some of the faults in the proposals, the Minister of Transport (Mr. Pickersgill) does one of his well known flip-flops and says he was only flying a kite to gain public reaction. And all the while the Minister fiddles and fumbles, it is still possible for a stove manufacturer in Hamilton, Ontario, to ship his product to Montreal for approximately 75 cents per stove cheaper than a Nova Scotian producer in Sackville can deliver a similar product over the same distance. Now this is not much per stove, but on volume business it soon runs into thousands of dollars. And this is only one side of the coin.

It must be remembered that Nova Scotian companies must pay considerably more freight charges on inbound raw materials. For example, the ship refitting yards in Lunenburg and Queens Counties, when fabricating equipment for ships or other industrial purposes, must pay over $1 more per 100 pounds of inbound freight charges on steel sheets as compared with a manufacturer in Hamilton. These extra freight costs price many of our Maritime manufacturers out of the market when competing for business in Central Canada, and I don't think we should allow anyone to fool us into thinking transportation costs are not the major key to our problems.

Now what is the answer? It of course lies in the fact that competitive freight rates have been set up as a result of producers being able to use water or highway transport in the Central Provinces as an alternative to the railroads. In my opinion, the economy and employment opportunities in the Atlantic Provinces, will always lag behind the rest of Canada, until the Federal Government recognizes the fact that improved transportation links are of prime importance.

• (2:50 p.m.)

Lower cost freight charges on goods shipped westward is the key to survival of our primary and secondary industries in the Atlantic Provinces, and this can only be brought about by an improved highway system, with the Federal Government working in co-operation with the Provinces concerned. At present, the C.N.R. is the major hauler of freight, but it is endeavouring to cut down on its yearly deficit, and part of its program is to terminate service on what it considers uneconomical branch lines. These changes are proposed without too much consideration being given to the effect on the economy of these areas, but I ask the Government and the Minister of Transport (Mr. Pickersgill) which bill they think will be the highest, the one for subsidizing the railroads or the cost of dissolving industry and finding new homes and jobs for the people involved?

Mr. Speaker, we cannot go on ignoring the social and economic problems of the Atlantic Provinces. Canada, and the provinces concerned, cannot permit emigration to occur—which was one of the suggestions put forth as a solution to our problems by the present

Minister of Finance (Mr. Gordon) in his 1956 Royal Commission report on Canada's Economic Prospects. No good purpose can be served by endeavouring to build up one part of Canada on the one hand, while tearing it down with the other. There is only one answer, and it is for all the Governments concerned, acting in unison, to come to terms now on the simple question, "What does it take in dollars to help you expand your economy so that you can remain in the Atlantic Provinces?" It is futile to argue that this will cost the country money, for this is a certainty. But the cost of establishing new industry, and enabling Maritimers to stand on their own two feet, will indeed be small when compared with the alternative. In short, the present key industries of the Atlantic Provinces must be maintained in health and expanded, at least during a lengthy transition period while new economic areas are under development.

You might rightly ask, "Where do we begin?" The Speech from the Throne calls for improved measures for regional development, and states, "We will be asked to approve measures to aid industrial expansion in those areas requiring improved employment opportunities". I am in agreement with this particular proposal, and I would suggest that the Government give consideration to starting immediately on a multipurpose causeway dam from the Annapolis Valley shore at Cape Split to Fox River Point on the Cumberland shore across Minas Basin. This would serve to develop tidal power, and provide a transportation link as well as recreational facilities in the area. The Atlantic Development Board has been asked to undertake a feasibility study of this project, and if this study indicates the proposal is practical we already have the endorsation of Premier Stanfield on this project.

Just what is involved? The length of the dam between Cape Split and Fox River Point would be four miles, and in places it would be 200 feet deep. Engineers have estimated there would be 5 million kilowatts of power generated annually by such a project. The generators of this power could be similar to the ones used on the River Rance in Britanny, France, which is the first commercial tidal power development in the world. These generators are essentially like small submarines set in tunnels at the bottom of the dam, and they would catch the surge and flow of tidal waters both entering and emptying Minas Basin.

The recent trend in cheaper transmission costs would enable the power produced from this dam to be exported to the power-hungry markets of the United States, especially to New England, after the immediate needs of an expanded industrial complex in this area of Nova Scotia were satisfied. This proposed development for Minas Basin would be the largest single source of power in the world, and the future possibilities for industrial development would be virtually unlimited. We must also remember that the only money required for this project is the amount expended on the original construction. Once the dam is built and the generators installed, the electrical output will continue to be produced by the tides in perpetuity. We therefore need long term cheap money, loaned by the Federal Government, which in turn will be reflected in cheap power that will guarantee economic development in the entire area.

In addition to these benefits, the highway crossing the causeway would end the transportation bottleneck in the western part of Nova Scotia. For example it would no longer be necessary for trucks serving the industries in Liverpool, Bridgewater, Lunenburg, Mahone Bay or Chester to travel all the way to Halifax when en route to central Canadian markets with produce or manufactured products. These trucks could cut across the Province from Chester Basin through New Ross to Kentville, and crossing over the new causeway to Parrsboro they could cut off an estimated 100 miles on the highway route from the South Shore of Nova Scotia to Fredericton, New Brunswick.

At this point, I would like to propose another change. The Speech from the Throne states:

> My Ministers attach great importance to Canada's neighbourly relationship with the United States and to the development of practical, mutually beneficial arrangements within that relationship.

In keeping with that lofty concept, I would suggest that the present administration start negotiations immediately with American authorities in order to gain early acceptance of our proposal for a corridor road through the State of Maine. This would be an exercise of our good neighbour policy, and would shorten the distance from the trans-Canada highway at Fredericton, New Brunswick, to Sherbrooke, Quebec, by 150 miles. This would bring Montreal to within a comfortable five-hour run from the Maritime border. Surely the cost to the Federal treasury of building this corridor road could not be termed excessive by anyone, when weighed against the

benefits this shorter highway route would bring to our primary and secondary industries in the Atlantic Provinces.

Mr. Speaker, this type of proposal should not be too difficult to negotiate with the Americans. We have co-operated with the Americans in the sale of B.C. power, we co-operate with them in matters of national defence of this hemisphere, and we are their best customers. I believe that the question of a corridor road through Maine, if properly presented, will not only receive their blessing but also their financial assistance, as it will be opening up and improving a section of their country for further development. The proposals I have mentioned required a dynamic, national attitude on the part of the present administration in order for them to be carried to fruition. When completed, they would shorten the truckers' route for products from my constituency to Montreal by some 250 miles. This would provide an alternative shipping route for our industries on a more competitive basis than presently exists.

It is a known fact that our long established Maritime industries have acquired and retrained national markets primarily through freight rate assistance. It is equally clear that some of our industries face extreme economic hardship unless the present scale of freight rate assistance is basically increased or steps are taken, as suggested, to shorten the competitive highway route to our central Canadian markets. Canada and this Government have no choice but to find ways and means to take the Atlantic Provinces into economic as well as political Confederation.

Finally, Mr. Speaker, I would like to say a few words about the Canadian Broadcasting Corporation. When the C.B.C. was set up by the late R. B. Bennett during the mid-1930's it was felt that because of the large geographical area of Canada, with a very small population, only a publicly operated broadcasting system could adequately serve the Canadian people. In some ways the C.B.C. has performed a wonderful service to the Canadian people, and it will undoubtedly continue to do so. In order to ensure that political interference will not take place, the C.B.C. has been so organized that it is not responsible to the Government, but rather to Parliament as a whole. The result has been that the C.B.C. would appear to think that they are responsible to nobody at all, and literally does what it pleases. I object to that attitude. If M.P.'s make suggestions or criticisms in Parliament they seem to be regarded by the C.B.C. as some sort of ignorant heretics who are opposed to free expression of opinion. There seems to be a firm resistance by the C.B.C. officials to accept any kind of criticism or suggestion. As a result, a small group runs the C.B.C. exactly as it pleases and any suggestions are regarded as interfering with free speech. Well, I have some news for the C.B.C. No one wishes to interfere with free speech or free opinion—but financially it is far from free. When you have a Government agency asking Parliament in the year 1965 for a grant of $99,444,000, which is an increase of $11,444,000 over last year, so that it can discharge the responsibilities of the national broadcasting service, surely the taxpaying public is entitled to some control over the operation and over the determination of these responsibilities by the organization.

[Mr. Crouse.]

What did ten C.B.C. staff announcers say in a recent brief to the Fowler Commission on Broadcasting as reported in the *Chronicle-Herald* on March 9? I quote:

• (3:00 p.m.)

Creativity in the Corporation is being stifled and it could turn into a fat, self-perpetuating, self-servicing bureaucratic Goliath.

This is strong talk, but despite these charges the President of the C.B.C. recently suggested the Corporation be granted long term financing up to ten years to keep it free from partisan political influence. Even at the present rates this would amount to $1 billion over a ten year period, and this request should give the Canadian taxpayer some idea of the greed for power of the present group controlling this bureaucratic giant. This is nothing but unmitigated gall, the most callous I have heard since I entered the House of Commons in 1957.

In my opinion, the C.B.C. should serve the Canadian people, not dominate them. For greater control of its activities I would suggest that a special Committee be set up composed of elected representatives of the people of Canada. Since Members of Parliament must answer for the money spent by the C.B.C., we should have some control over its policies and expenditures. With all parties being represented on the Committee there would be no danger of political interference in programming, and since the Speech from the Throne promises legislation dealing with broadcasting, I hope this suggestion will be given favourable consideration by the Government.

The C.B.C. likes to talk about the danger of partisan political influence. I do not think

the Canadian people need to worry too much about the partisan influence of the present Government—or of the Conservative Opposition, the N.D.P., Social Credit or Creditistes. We are exposed to this daily, and the electorate can deal with it at the proper time. The type of partisanship I object to is the bureaucratic partisanship practised by the officials within this Corporation, and I believe their activities could result in an abuse of public funds, unless provision is made for close supervision of this Corporation.

Mr. Macaluso: Would the hon. Member permit a question?

Mr. Crouse: Certainly.

Mr. Macaluso: I was interested in his remarks concerning low cost transportation to permit the products of the Eastern Provinces to reach Central and Western Canada. Would the hon. Member agree with me that the economic and social progress of the Atlantic Provinces could be helped by having an all-Canadian toll-free St. Lawrence Seaway to cut down the costs of inland water transportation to Central and Western Canada? This would allow these Maritime products to be shipped in.

Mr. Crouse: That is an interesting question. It involves the cost of the seaway and the regulations which were drawn up by the party which he supports, to deal with the amortization of those costs. We in the Atlantic Provinces had some doubts about the benefits which might accrue to our region when the seaway was built. It is now an accomplished fact, however, and it would appear there is a determination on the part of the Government to get back into the treasury some of the money which was expended on this project, before making any such change as the hon. Member has suggested.

Mr. Macaluso: Would the hon. Member not agree that low cost inland water transportation would help the Atlantic Provinces to ship their products into Western and Central Canada? One of the factors in reducing the cost would be the reduction of seaway tolls.

Mr. Crouse: The hon. Member has posed an involved question that would take more time to answer than I have available now. Certainly, we in the Atlantic Provinces are endeavouring to use every means at our disposal to get the goods we require for our use at the lowest cost, and we shall use every means at our disposal to ship our products into the markets of Central Canada at the lowest cost. But there are areas we are endeavouring to develop that are not adjacent to the seaway, and it is for this reason I propose that the present administration should study carefully the possibility of improving transport facilities by means of a highway from the Maritime production centres to the markets of Central Canada.

• (3:10 p.m.)

[*Translation*]

Mr. Maurice Côté (Chicoutimi): Mr. Speaker, the speech from the throne we heard last Monday contained this sentence:

> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty—

Thus, the truth for which our group has been fighting in this house for the past three years has come out into the open. For the first time the government has humbly admitted the existence in our country of a dire situation which has taken a turn for the worse in the last decade, and two different governments have during all that time taken no rational or permanent steps to remedy the situation. Those who were too proud to believe in the logic of our suggestions have now admitted their weakness.

At this stage I think the words of St. Remigius baptizing Clovis, the king of the Franks, would quite suitably apply to government members:

> Courbe la tête, fier Sicambre, adore ce que tu as brûlé, brûle ce que tu as adoré.

This is a lesson drawn from history on which government members should reflect, Mr. Speaker, to pull our country out of economic stagnation, with the co-operation of members of good will in the house.

At the opening of the session in the fall of 1962, I stated in parliament that there were more than 2.5 million Canadians who were underfed and living in most destitute conditions. Those figures, based on my own computations, seemed exaggerated to a few. The figures arrived at by experts following research are more precise and more alarming.

In fact, the assistant dean of the faculty of social sciences at Ottawa University and former adviser to the Department of Trade and Commerce, Mr. O. J. Firestone, breaking four years' silence, stated that:

> One Canadian out of five lives in a state of destitution. The 1961 census indicated that 3.8 million Canadians lived in a continuous state of destitution, whether they were unemployed or not.

In its October 8, 1964 edition, the newspaper *Le Droit* stated that about 2.5 million Canadians, that is over 13 per cent of the population, lived in extreme poverty and that another 1.5 million barely had enough to subsist.

In its April 1965 edition, *Chatelaine* magazine had an article entitled:

Poverty is the lot of over 4 million Canadians who lack the bare necessities of life. It read as follows: In 1965, a flourishing year if ever, over 4 million Canadians live in hardship, are ill-housed, ill-fed, ill-clothed and poorly educated. This state of affairs is to be found everywhere, in cities as in the country. However, the paradox is the same for all the underprivileged, regardless of where they live: the absurdity of suffering hardship in a land of plenty. Twenty-two per cent of the population barely has the strict minimum. In the province of Quebec, 25 per cent of rural families live in poverty and 45 per cent barely have enough to keep body and soul together.

So, now, the Government recognizes that our requests were quite reasonable and that those statistics, which put Canada in a bad light, were correct. And it seems willing to put an end to general poverty. In my opinion, that is the main point in the Speech from the Throne.

It was a pleasure for me to listen to the mover, the hon. member for St. John's West (Mr. Cashin), and the seconder, the hon. member for St. Maurice-Laflèche (Mr. Chrétien), of the address in reply to the Speech from the Throne. While I am at it, I should like to congratulate them most sincerely for having shown us the ill-effects of the lamentable state of the Canadian economy and the urgency of finding the remedies required.

All those testimonials were confirmed by the Prime Minister himself, who gave us an extremely lucid analysis of this chronic evil which brings shame upon our Christian democracies.

Of course, the plain truth is quite different from the wonderful statements made by the Minister of Finance in Toronto on February 1, 1965, as reported in *Le Devoir*:

As a matter of fact, stated the minister, 1964 was the best year in Canadian history. This is not the result of a mere chance. The policies of the Liberal government have directly contributed to those results.

I feel that the Minister of Finance, who is a chartered accountant, as everybody knows, has been deluded and misled by figures.

Naturally, the figures indicating the national product are steadily increasing, and this is quite normal because every year the population increases on the average by

[Mr. Côté (Chicoutimi).]

345,000 citizens, through births and immigration. Yet, this does not mean that the economy is thriving. It will thrive only when those 4 millions of destitute Canadians will be able to enjoy a better distribution rather than redistribution of the wealth of Canada.

Family allowances, which could have been a most powerful instrument to balance family income, have remained at the same level since 1958 although they should have been raised in keeping with the rise in the cost of living. At present, there are 4,800,000 families in this country; what steps have been taken to support Canada's, greatest asset, our children? Nothing, absolutely nothing. Such is the result of the administrative carelessness of our governments under the control of financial oligarchy.

To adjust our national economy and eradicate poverty and misery, the government proposes certain measures which seem to have a socialistic approach. I am convinced that the government does not intend to lead us to socialism which destroys human qualities. However, with the projected implementation of all those plans, the one being more complicated than the next, I wonder what they are driving at, because that will not provide any equitable solution to the problems of family heads or of Canadians who do not have enough purchasing power to live decently. On the contrary, I do say that such plans will increase our general difficulties because they are detrimental to the freedom of initiative and enterprise and an act of aggression against individuals.

Why, Mr. Speaker, should we be made to fall out of the frying pan into the fire when it would be possible, with some minor adjustments to the finance mechanism of the country, to enable the Bank of Canada to issue new credits or bank money at administrative costs according to strict standards in order to meet the social needs of the people and make the public investments required for the development of the country?

It is the only way to hold in check our ever increasing debt. During the year the national debt will exceed $26 billion. The interest charges on that debt of the Canadian government will reach $1,102 million. Who will foot the bill for those interest charges? Small wage earners and middle income employees, to a large extent, will have to deduct this amount from their purchasing power, while they do not have an income related to the inflationary costs of living.

It is also disturbing to see such figures and to know that the government will have to deduct such an amount of money from the national budget to enrich private or commercial banks. Instead of that amount being paid in interest, it should be added to the budget of the Department of Public Works, which has to manage with the ridiculous amount of $208 million to meet the capital expenditures of our large country. It is really a distribution in driblets.

As an illustration, let us take the county of Chicoutimi which I have the honour of representing. This year we would need to spend at least $20 million in public works, because the sea wharves are falling to pieces; we need a bridge to cross the Saguenay river at Chicoutimi; retaining walls and embankments should be built to protect the properties along the Saguenay river; sea relays, post offices, wharves at various places, etc., should also be built. We have enough men, materials and machines to do it, but we lack bank credits, bank money.

Is there anything stranger than being so helpless because our governments lie at the mercy of an out of date financial system which prevents us from taking advantage of the huge wealth accumulated by our ancestors?

• (3:20 p.m.)

By what means does the government intend to pay back that debt of $26 billion? When shall it be done? The speech from the throne says nothing about that calamity for the Canadian taxpayers.

Where are we going, Mr. Speaker, with that all-devouring usury which ruins our fellow citizens, undermines our economic foundations and is the underlying cause of that inflation which depreciates our money?

I wonder why the Liberals as well as the Conservatives are so afraid of talking about monetary reform, when Chancellor Ludwig Erhard, one of the most prominent statesmen in the world refers to it more than a hundred times in his essays on political economy, namely "Prosperity for everyone" and "A policy of affluence".

When Mr. Erhard came to Canada last June, the Prime Minister himself paid tribute to him, as reported in the July 1964 edition of *External Affairs*:

> The part he played in the stupendous recovery of Germany is well-known and has gained our respect and our admiration.

It is difficult to imagine a higher praise. In addition to the elimination of poverty, the speech from the throne mentions amendments to the Bank Act and the Bank of Canada Act.

I hope that this will mean that the issue of bank money or of credit will be nationalized and that the exclusive power of such an issue will be vested in the Bank of Canada alone. However, I think that the commercial banks and caisses populaires should keep the privilege of rediscounting bankable bills to the Bank of Canada at administrative cost, so as to meet industrial and commercial needs.

It is extremely important that this sovereign privilege of the state, that is the issuing of credit, be used for the common weal and not to the advantage of a few greedy people, actuated solely by their own benefit, ambitions and interests.

I also assume that the government does not wish the interest rates of the commercial banks to be increased, since those financial institutions are already reaping enough profits with a simple reserve of 8 per cent. The rate of interest on bank loans must be limited to 5 per cent, in order to stop this pernicious inflation which constantly sops the value of our currency. There should be limits to this devastating usury which, since the seventeenth century has spread throughout the whole world. A simple arithmetical calculation shows that if any new currency must return to the issuer with interest, there will come a day when all free economies will have been devoured by this usury and when the issuers of new credit—in this instance the commercial banks—will be the only holders and the absolute masters of money.

In days gone by, currency and credit were the sole prerogative of the king. The state reigned supreme. The mandate of the federal state is to provide for the welfare of every Canadian citizen. There cannot be two sovereigns at variance with one another: one reigning by natural right, stemming from the God-given power, and whose duty is to provide for the well-being of his subjects;—the other one reigning solely to exploit the Canadian citizens, to his own advantage, and actuated by the passion of his own interests.

Today, in Canada, there is only one real sovereign; it is neither the parliament nor the government, but the commercial banks, entitled every year to issue more than a billion dollars of new credit, whereas these regalities should be the exclusive right of the federal government, through the Bank of Canada.

Mr. Speaker, if, within the next ten years the Christian democracies do not recover con-

trol over their monetary system, and if the latter remains based on interest and profit, we will be subdued by the communist powers. This is the serious warning I am giving to the hon. members of this house.

We, in this house, are mostly Christian parliamentarians and we ought to give the world an example of an administration based on justice and equity in which the economic mechanisms operate harmoniously for the well-being of every Canadian.

Now, Mr. Speaker, I should like to remind the house that next September the Canadian section of the Interparliamentary Association will welcome in this Parliament building the delegates of 75 foreign countries who will be coming here to discuss problems of mutual interest. In our age of sociometry, it is easy to understand the interdependence of peoples and the significance of such a world conference.

A very elaborate program has been prepared to welcome those distinguished visitors. It will be a meeting of nations, prior to the marvellous gathering on the Land of Men, the 1967 World Fair in Montreal.

The Interparliamentary Union was formed in 1889 and it is the oldest and most important group of its kind. Since its inception, the two official languages of the Union have been French and English. This is worthy of note, for Canada may be the only country in the world to have both French and English as official languages. By that time, our federal services and indeed our civil servants should faithfully reflect the Canadian constitution. Special efforts and firm measures are essential to the correcting of those deficiencies which we observe practically every day at the various levels of our parliamentary system. I think my English speaking friends would also be fed up, and rightly so, if they came up daily against unilingual French speaking civil servants.

Therefore, we see what leading part our country will be able to play before those honoured guests who will come here to get ideas and means to improve the lot of their own fellow countrymen. That is why, Mr. Speaker, this parliament has such a heavy responsibility during the coming months and until 1967 for building an economic and social structure that will be on a par with men of ability and will arouse the admiration of the world.

[*Text*]

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I am particularly pleased to have the opportunity of participating in this debate for two or three reasons. First of all, it provides me with an opportunity to extend my warm congratulations to the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) for their very excellent Addresses in Reply to the Speech from the Throne. Then, because I represent one of the very rapidly growing areas in Canada, I thought that probably the 125,000 people who live in my riding might expect me to rise in my place and express some general approval of the very challenging and excellent Speech from the Throne which was caused to be laid before us by His Excellency the Governor General. Also, in these days when so much has been said about Government policies, I thought that probably the people of my riding would expect me to rise and extend general commendation to the Government for some of the policies that have resulted in improved conditions in the County of Peel.

• (3:30 p.m.)

The level from which we now view the needs of the Canadian people is very different from the sodden flats into which we dug our heels in 1963. The climb has not been an easy one because there have been those who would tend to obstruct and confuse the measures that were presented by the Government. Even today there are those who would discredit the achievements, not only of the Government but of the Canadian people in opening up new frontiers. My only claim on behalf of the Government is that a new confidence, a new purpose and a new determination, have been established in the minds of our people which have made our recent achievements possible.

The hon. Member for Ontario (Mr. Starr) speaking in the House very recently made reference to the 60 days of decision. I do not back up from the reference made to the 60 days of decision. I do not believe there ever was a time in Canadian history when more decisions were needed than when this Government took office in 1963. The decisions are still being taken, and they are wise decisions. Those decisions are paying off for the Canadian people. If we had not taken these decisions in 1963, we would not have the increase in our gross national product of approximately 8 per cent in 1964. If we had talked about transferring trade from the United States to the United Kingdom in

1963, we would not have the trade expansion that took place in 1964. We would not have had a total export increase of 19 per cent, such as took place last year.

If the Government, and the Minister of National Defence (Mr. Hellyer), had sat around and thought about the integration of the armed services and the defence program, today we would not have an integrated system that is the envy of the world. The Government did not just rest on its oars in the mistaken idea that Canada was not a manufacturing country. If we had, we would not have a Minister and a Department of Industry which is giving such leadership to the industrial community. We would not have an over-all increase in our manufactured goods of some 8 per cent, and in our export commodities of some 18 per cent. If our Minister of National Health and Welfare (Miss LaMarsh) had been sensitive to opposition, obstruction and criticism, we would not have the Canada Pension Plan. If the Government had been content with 7 per cent of our people unemployed, we would not have been able to provide 198,000 new jobs last year. If the Minister of Agriculture (Mr. Hays) had been content to say to the producers, if you do not cut down we will cut off your supports, or if he had been satisfied with a decline in essential services that are available to farmers, as was the policy of the former administration—and we all recall the way the former administration undertook to cancel or cut down some of the essential services to farmers in order to have $250,000—

Mr. Hales: May I ask a question of the hon. Gentleman?

Mr. Beer: —and if we had not had a Minister of Forestry (Mr. Sauvé) who was concerned about rural development, we would not now have the concern that is expressed by the Government for the revitalization of the character of the rural communities.

Mr. Hales: I wonder if the hon. Member for Peel, when he was speaking about decisions and his Department of Agriculture, would consider the removal of the turkey quota a good decision?

Mr. Beer: There will be other opportunities when time is less urgent than it is today to deal with this important question.

Mr. Mandziuk: You have no reply.

Mr. Beer: I want to deal, for a minute—

Mr. Deputy Speaker: Order, please, the Parliamentary Secretary has the floor.

Mr. Skoreyko: I should like to ask a question.

Mr. Deputy Speaker: If the Parliamentary Secretary wants to allow a question at this time, I should like to remind him that all these questions are on his own time.

Mr. Skoreyko: It is a very important question.

Mr. Beer: I have a great deal of information to present to the House and I know I am going to be crowded for time. If the House wishes to grant special time after for a question period, I will be happy to entertain all the questions hon. Members opposite can offer.

Mr. Skoreyko: Just one short one?

Mr. Beer: Agriculture has undergone a very considerable technological change in the last ten years. We have moved into mechanized farming. This has had a very serious effect on agriculture as it is practised in Canada, because there have been areas which lent themselves to the use of mechanized equipment to a greater extent than some other areas of Canada. These areas were blessed with a tremendous production advantage. At the same time, there were areas in Canada which, because of their lack of adaptability to equipment and machinery, were placed at a tremendous production disadvantage. This brought about a great disparity in the income position of farmers in Canada.

Mr. Mandziuk: What about vertical integration?

Mr. Beer: There is no doubt that vertical integration may have played some part in this particular problem that exists. Farmers are not now content to have a declining share of the consumer's dollar. This is one of the problems that has confronted agriculture in recent years. Farmers wish to participate in the affluent society which many of us enjoy to a greater extent than they have in the past.

What are some of the benchmarks that prevailed when this Government took office? Earlier I mentioned the decline or reduction in essential services to farmers. We all, of course, remember the premium on the production of quality hogs which was placed on an on-again-off-again-gone-again-Flanagan basis. Then, I mentioned earlier that farmers were simply told to cut down on their production or the supports would be cut off. No attempt was made to curtail or look after the mounting surplus of butter, which by the

time this Government took office amounted to 239 million pounds.

This Government believes that the problems confronting agriculture fall into three or four main categories. We believe, first of all, that the use of money has become increasingly important to many of our Canadian farmers. We think that the efficient use of land and machinery is extremely important and that management is one of the key figures in a successful farm operation. Management, which may be regarded as purely or partially educational, would immediately fall into the jurisdiction of the Provinces, because they do look after educational matters. However, the other matter of making money available to establish a viable economic unit is a Federal responsibility, and this has been undertaken. I need only mention two or three of the measures which have been enacted or placed on the statute books by this Government in order to make more money available to farmers.

We recall, of course, that during the last session amendments were introduced to the Farm Credit Corporation Act which doubled or practically doubled the amount of money that was available to farmers, up to $55,000 on a supervised loan. This made available the kind of money farmers needed in order to integrate their operation and make it an economic unit. I know that Members opposite and on this side of the House as well will be interested in knowing the extent to which this measure has been beneficial to farmers, and the extent to which it has been used. At the moment, we have 47,427 loans to farmers in Canada for a total amount of $434,556,153.

• (3:40 p.m.)

Possibly of particular interest is one comparison I would like to present, namely the increase in the number of loans this year as compared with last year, and I shall give this by provinces. In British Columbia last year there were 112 loans, and this year there are 200. In Alberta last year there were 614, and this year there are 982; in Saskatchewan 486 last year, and 799 this year; in Manitoba 125 last year, 220 this year; in Ontario 397 last year, 570 this year; in Quebec 324 last year, 379 this year, and in the Atlantic area 24 last year as compared with 48 this year, a total increase from 2,082 to 3,198. This is an increase of 53 per cent over last year in the use of the money made available.

It goes to indicate that the Government was right in arriving at the decision that making more money available to farmers would enable them to increase the size of their units and make them more economical.

Another comparison which may be of interest to hon. Members is the number of loans approved this year as compared with last year. In 1963-64 there were 8,689 loans approved, while this year 10,142 were approved, a 17 per cent increase; but the more interesting fact is that the size of loans increased by 43 per cent, thus showing that the amendment to the Act, by which more money was made available to farmers, was a step in the right direction.

In addition, the Government amended the Farm Improvement Loans Act, raising the ceiling on loans from $7,500 to $15,000. Farmers can now obtain this amount of loan from their banks, and it will be backed by the country.

I mentioned earlier that the use of machinery was one of the major costs to farmers, and the Government felt something should be done in this particular area. During the last session of Parliament a measure was introduced, known as the Farm Machinery Syndicates Credit Act, and I know the House will be interested in a brief report on the extent to which that act is meeting the needs of farmers. During the debate on supplementary estimates a number of questions were asked, and I think this report may answer some of these questions.

It indicates that the number of loans made available to syndicates has been one in B.C., 10 in Alberta, seven in Saskatchewan, one in Manitoba, two in Ontario and one in Quebec. In other words 81 members are participating in 22 syndicates and the total amount of loans involved is $215,404. I believe the House will warmly receive the news that this measure has met with general acceptance across the country and is filling a great need. One application has been received for the maximum amount of $100,000. This syndicate is in Alberta where a number of potato farmers have proposed joining together to buy washing and grading equipment for potatoes in the hope that they may do a better job of marketing the product on their farms.

As has often been indicated by the Minister, another thing which affects farmers materially is the danger of crop loss, and in order to meet this contingency the Government brought in a measure to amend the Crop Insurance Act, whereby the Government of Canada can underwrite Provincial schemes

that may be introduced. All these measures have helped meet the needs of the farming community by way of providing capital and protecting farmers against some of their losses.

As the House well knows, improvements which affect farmers are introduced by legislation, some of which I have indicated, by Order in Council, or by administrative means. I have with me a list of all the Orders in Council affecting agriculture, passed by the Government since it took office in 1963, and I would ask the indulgence of the House to have this list included in my speech in *Hansard* because I believe the information contained in it would be helpful to hon. Members on all sides of the House.

Mr. Skoreyko: Read it.

Mr. Beer: There are 31 items. I would be happy to read them but it would seem to be an unwise use of the time of the House.

Mr. Skoreyko: We don't want it on *Hansard.*

Mr. Beer: Thank you. I will be happy to read the administrative changes which have taken place in the last year or so.

In April, 1964 we entered into a joint program with the Provinces of Ontario and Quebec for the eradication of barberry in order to control cereal rust which has been causing considerable losses to grain crops, particularly oats.

We are establishing a research laboratory in association with Laval University in Quebec, and a horticultural research station at St. Jean, Quebec. We are building a new research laboratory at Harrow to serve better the needs of farmers in Southwestern Ontario.

We are establishing a maximum security quarantine station at Grosse Ile, Quebec, for the importation of European livestock which holds promise of improving the efficiency of Canadian livestock production.

We are constructing a vehicle washing station at Port aux Basques, Newfoundland, to guard against the possibility of potato wart disease, which could cause serious damage to potato crops, being introduced into the mainland. This has been requested for some time by the Atlantic Provinces.

We have eliminated waiting lists for R.O.P. dairy cattle inspection by providing adequate staff to take care of all applications.

We have provided assistance to the Provinces of British Columbia, Saskatchewan, Ontario, Manitoba and Quebec in the movement of fodder to drought areas.

We have sponsored and are contributing financially to new livestock classes at agricultural fairs to stress economic qualities and to improve the efficiency of livestock production.

We have announced a new dairy policy to improve the economic position of dairy farmers, and have given notice of our intention to introduce legislation for the establishment of a Canadian Dairy Commission.

We have made significant improvements in the operations of feed grain assistance, including provision for the payment of winter storage charges on western feed grains in eastern elevators.

We have started ten new community pastures in the West, costing $1.5 million, and nine new large water construction projects at a cost of $1.7 million.

We have provided improved price support for sugar beets at a national average level of $14.35 per ton, and in total the Government has passed 31 Orders in Council, which I mentioned a moment ago.

We have provided an additional $2 million to the World Food Program, and entered into an arrangement with the Program to supply dried eggs. The purchase of eggs for this purpose had a significant effect in strengthening the price of eggs.

We have disposed of the huge butter surplus which had accumulated during the years 1958 to 1962.

We are doubling the capacity of the Canadian Government elevator at Prince Rupert.

These are some of the achievements of the Government in general, and with relation to agriculture in particular. There are certain areas where none of these programs actually apply, and in these areas of low productivity the Government proposes to extend the use of ARDA so that land may be used to better advantage, so that new life may be stimulated or injected into local communities and thus provide better standards of living in those areas.

Mr. Speaker, I notice my time has just expired, and I am grateful for the kind attention of the House.

• (3:50 p.m.)

Mr. William Skoreyko (Edmonton East): Mr. Speaker, I welcome this opportunity to speak in the debate on the Speech from the Throne. The last time I spoke in a similar debate was back in 1958, and I must admit

that this was indeed a long time ago. At the outset of my remarks I want to congratulate the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) on the manner in which they discharged their responsibilities to this House as Mover and Seconder of the Speech from the Throne. As young Members, I congratulate them, and I am sure their constituents will be proud of the responsibility they have shown.

Mr. Speaker, at the outset of my remarks I wish to say that rather than being critical for the sake of being critical, I want to offer some constructive criticism to which I hope the Government will pay some attention and will heed. I cannot help, of course, but refer for a moment to the speech made by the hon. Member for Peel (Mr. Beer). It has been a long time since I have listened to a dissertation so politically biased as the one completed just a moment ago. I dare say that even his constituents know that the hon. Member for Peel is not capable of writing such a document, and I might ask him where he got his information from.

Mr. Beer: On a question of privilege, Mr. Speaker, I want the hon. Member to know that I was using all my own material, except the figures which I quoted. I composed my own address.

Mr. Deputy Speaker: Order. The hon. Member who has the floor knows that it is against the rules or procedure of this House to suggest that another hon. Member did not originate the speech he made in the House.

Mr. Skoreyko: Thank you, Mr. Speaker. I did not mean to transgress any rule; I was just making an observation. The reason I made it, of course, was that when the hon. Member for Wellington South (Mr. Hales) rose and asked the Parliamentary Secretary to the Minister of Agriculture, who should be able to come up with the answers immediately, "Does the hon. Member believe that it was a good idea to remove the quota on turkeys?", he said, "There will be another opportunity to answer these questions". This is what we have heard since this Government took office: There will be an opportunity at a later date.

I became involved in a debate last Friday over the very same thing. The hon. Member for Medicine Hat (Mr. Olson) stood on his feet and said that we should not be talking about the estimates of the Department of Labour, when we were in fact dealing with that very Department at the time, and the Minister of Labour (Mr. MacEachen) said there would be ample opportunity subsequently to answer these questions. Then I asked the Parliamentary Secretary to the Minister of Agriculture whether he thought that the legislation which removed the capital grants from fairs was good legislation, and whether he thought the 11 per cent sales tax was good legislation. I believe that if he wanted to be honest with the House he would rise in his place and say, "No, it was not good legislation; but I was not responsible for it".

This afternoon, Mr. Speaker, I want to deal with the many items in the Speech from the Throne, and I hope to review later the proposed legislation item by item, if time permits. But I want to offer something constructive to the Government. I suppose that because I have a number of items with which I wish to deal this afternoon, the first thing I should start with is the question of amnesty in so far as the Chinese in Canada are concerned. I have before me a clipping from the Montreal *Gazette* which states, in part, that when the former Minister of Citizenship and Immigration the hon. Member for Matapedia-Matane (Mr. Tremblay) was asked whether the amnesty covered all the cases in which the Chinese might be involved, he said that illegal passport cases were not covered, and being smuggled into the country was not covered.

I agree that in a good many cases people who were smuggled into Canada or entered this country illegally should not be covered by the amnesty; but I think it is entirely wrong to search out Chinese who have lived in Canada for eight or ten years after entering this country on an illegal passport. In many cases these people who entered Canada were not even aware of the seriousness of this infraction of the law. However, these people have lived in this country for eight or ten years, we are now searching them out and they are still under the impression that they will be prosecuted. I suggest to the Minister of Citizenship and Immigration (Mr. Nicholson) that the proper action for him to take would be to search out those culprits who issued or were responsible for the issuance of the fake passports in the first instance. The Minister should immediately issue a press release clarifying the Government's position in respect of this matter and let those people—there are undoubtedly hundreds of them—still remaining in Canada, who are afraid of

the consequences, come forward and make a declaration so that they may become honest, law-abiding citizens of Canada.

I have here a clipping from the Calgary *Albertan* of September, 1964, which is very interesting. This was written shortly after the Minister of Citizenship and Immigration advised the House that the deadline, in so far as he was concerned, for amnesty would be September 1. I say it is a fortunate thing for those Chinese who have since sworn declarations as to their true identity that the House of Commons was in session at that time, otherwise the amnesty may have been cancelled.

Mr. Speaker, I say that there are inadequacies within this amnesty program of ours. For instance, as I pointed out a moment ago, the people who came into the country on illegal passports are not covered by it. The article in the Calgary *Albertan* says:

> L. C. Hawkins, regional immigration director, says about 1,100 illegal immigrants have come forward to claim amnesty since the program was started.
>
> He estimates another 2,000 remain in hiding. Some 500 are the forged-passport cases.
>
> Ingrown fear of police action, prosecution and deportation keeps some from coming forward, he believes.
>
> "This, coupled with the fact that the amnestry does not cover the illegal passport cases, is a real problem", he said.

• (4:00 p.m.)

I have heard the Minister of Citizenship and Immigration in recent days—as a matter of fact, today—make it clear to the House, or at least I understood it to be a clear statement, that the Chinese people in the country who have not as yet made a declaration have nothing to fear, excepting those persons who could be charged with smuggling or offences in connection with narcotics. I repeat, Mr. Speaker, that in most cases the Chinese who are in this country today by reason of having entered on illegal passports do not realize the seriousness of the offence. The Minister should make a statement forthwith to the press which would enable these people to come forward and clear their names. In a statement which appeared in the Edmonton *Journal* of August 14, released under an Ottawa dateline, the former Minister of Immigration is reported to have said:

> Henceforth from September 1, 1964, the R.C.M.P. and immigration officers are being instructed to apply the law to Chinese in exactly the same way as to other residents of Canada.

He also said—and this puzzles me somewhat—that he was having some difficulty about recent cases where people had been smuggled into Canada. I say there should be no problem at all in this respect. As I understand it, the amnesty covered those Chinese who entered this country prior to the amnesty program. Anyone who entered this country after that time was fully aware of the law and of the consequences of breaking the law. As I say, I hope the Minister will consider a press release defining clearly, once and for all, the limitations and the extent of the amnesty program.

I notice with interest that the Speech from the Throne contains another promise that the Immigration Act and the Citizenship Act will be revised. I wonder when these revisions will take place. I want to quote from page 24 of the report or memorandum submitted to the Government on March 10, 1965 by the Canadian Labour Congress. Maybe I do not agree with everything the Canadian Labour Congress enunciates but I certainly do in this case. They say:

> We have consistently criticized the Immigration Act and the administrative procedures under it. We have done so for many years and find a growing number in Canada who share our concern over the legislation and the way in which it is administered. As we have said before, we consider the Immigration Act clearly discriminatory in tone in so far as the selection of immigrants is concerned. Past practice has made this all too clear. The greatest preference has been given to immigrants from the countries of Northwestern Europe. Different criteria seem to be employed with regard to prospective immigrants from other parts of Europe and elsewhere. Although the regulations have been amended in a way which would seem to mitigate the effect of the provisions of the Act, we are not altogether satisfied that this is so. It is still possible for immigration officers to select immigrants not on the basis of the contribution they can make to the life of the country, but on the basis of their pigmentation or some such reason.

I agree wholeheartedly with the recommendations which are contained further on in this memorandum. Though I will not take the time of the house by putting them all on record I advise the Minister of Citizenship and Immigration to peruse this particular document carefully.

It may be suggested that the Canadian Labour Congress has not made a thorough study of the Immigration Act and does not therefore fully understand the subject with which it is dealing. For my part I have made an extensive study of the act and of the regulations since I arrived here in 1958. The former Minister of Citizenship and Immigration, Mrs. Ellen Fairclough, who is unfortunately no longer a Member of this House, did somewhat broaden the regulations affecting admission to Canada. Notwithstanding these efforts, discrimination has not been com-

pletely eliminated from the regulations. Somehow, in some way, it persists. Although the old section 20 of the Act, with its paragraphs (a), (b), (c) and (d), are supposedly no longer in existence, it is still being applied by immigration officials. I thought the new regulations of January 19, 1962 constituted a wonderful improvement. Part I dealt with admissions and part II with the jurisdiction of the appeal board. The hon. Lady said at that time:

> The most important provision of the new regulations is section 31 which is in fact the core of Canada's immigration policy. The new regulation 31, replacing section 20 of the former regulations, lays primary stress on education, training and skills as the main condition of admissibility, regardless of the country of origin of the applicant.

I have just said, and I say it again, that although section 20 is no longer in existence it is still being applied.

One of the things I do not understand about the Immigration Act is why I can sponsor relatives, no matter what their qualifications may be, from countries such as Great Britain and the United States while I cannot sponsor them from countries in Asia and certain parts of Europe. I realize there are difficulties surrounding migration facilities in Europe. On the estimates of the Department of Citizenship and Immigration I asked the Minister whether he would consider staffing our embassies, in countries which do not allow us immigration facilities, with competent people from the Department of Immigration who could assist our embassy staffs in processing applications approval of which would unify families in Canada. I have not yet had any response to this suggestion but I hope the Minister has it under consideration and that it will be mentioned in the white paper which the hon. Gentleman said he will be introducing before long.

• (4:10 p.m.)

The requirements under section 31 are simply these, as I understand them: first, an immigrant has either a profession or a trade; second, he has either sufficient financial capital to establish himself in Canada or he has relatives in Canada willing to guarantee his maintenance. In so far as I am concerned those are the two things which can be taken to be the criteria of acceptance and admission into Canada. Although these criteria apply to many other countries, they do not apply to several countries, and I take exception to the continued use of this old section 20. I should like to know why the Immigration Department has the right to deny individuals of Asiatic origin or with skins of different colour the right to apply for and obtain permission to bring relatives to Canada under the existing regulations.

I hope the Minister of Citizenship and Immigration (Mr. Nicholson) will change his attitude and do some of the things we have asked him to do in order that this situation can be changed. I suggest that he should look at these regulations in a broad sense and realize the many hardships which are being imposed on people of many ethnic origins in Canada. These people originally were quite happy with the immigration laws as they exist, but many have found after visiting immigration offices in different towns and cities that certain of their relatives cannot qualify for entry into Canada.

I should like to ask one question for the purposes of clarification, Mr. Speaker; but before doing so, in order to give a clear picture of the situation to which I refer, I should like to quote from page 12324 of *Hansard* where the Parliamentary Secretary to the Minister of Citizenship and Immigration (Mr. Badanai) quoted from a statement made by the Prime Minister (Mr. Pearson) at a press conference on December 31 of last year. This quotation reads as follows:

> I have asked the minister to prepare a white paper on immigration policy, immigration administration and immigration procedures, telling what has been done and what is in process, and to have that available if at all possible—and it is possible, I think—by the beginning of the next session of Parliament.

This is that next session of Parliament referred to by the Prime Minister, and even if the white paper was tabled this afternoon, so far as I am concerned, it would not only be days overdue, but years overdue. I do not criticize only this administration in this regard, but all administrations for not having taken action to eliminate the discriminatory sections of the Immigration Act. I should like to know now when this white paper which was promised is to be brought forward.

I have dealt with these promised changes because of the many statements which have been made in the Press regarding this unfortunate state of affairs. I should like to quote the headline of an article which appeared in the Montreal *Gazette* on September 24, 1963, which is: "Favreau Promises Change in Chinese Immigration". I need not remind the House of the fact that there has not been any change made in respect of Chinese immigration.

I should like to quote also from an article which appeared in the June 25, 1964, edition

of the Toronto *Globe and Mail* under the heading "Chinese Offer Tremblay Food for Thought". According to this article Mr. Tremblay said there would be a general overhaul of immigration policy. The article states:

> He hinted also at a coming general overhaul of immigration policy and announced that he will go on a tour of Canadian immigration offices in other countries, including Britain, France, Germany, Italy, Portugal and Greece.
>
> "I shall go on the journey at the recess of Parliament—if we have a recess," he told a reporter.

We did not have a recess so I assume he did not make that trip.

The article then states:

> Improvements in immigration procedures that were made as a result cut down the waiting period for sponsored relatives from nine months to three, Mr. Tremblay said.

I remember that not many years ago there was a list of some 250,000 people in Italy who wished admission to Canada. That was indeed a long list. Those individuals have conducted themselves in a manner that is acceptable to the Canadian way of life and we should do something that will assist in expediting the processing of these applications.

The Minister also dealt with changes in the Hong Kong immigration office. He suggested that they were going to expand the facilities there in order to take care of the backlog of applications from that area of China for entry to Canada. On January 18, 1965, only a short time ago, a headline appeared in the Montreal *Gazette* which read, "Canada Establishes Long Term Policy for Immigration". I suggest that all hon. Members should read the article under that headline. I read it and experienced some anticipation in respect of new policy on the part of the Department of Immigration. The article in part stated:

> The reorganization of the department also includes steps to:
>
> Make immigration posts abroad more effective.
>
> Improve the pay of immigration officers abroad.
>
> Give officers at home and abroad more responsibility to make decisions on their own initiative, a step to speed the handling of immigration applications.
>
> Improve the morale of Immigration Department employees by giving them the prestige accorded career diplomats.

I might say that this whole article dealt with the reorganization of the Immigration Department policy, and these are the changes which were announced. I suggest it is not enough to make changes of this kind while at the same time leaving the impression with the public that new immigration policy is being established. These four recommended changes relate only to internal matters and have nothing to do with the processing of immigration applications.

Mr. Dinsdale: It is straight propaganda.

Mr. Skoreyko: Someone suggested that this was straight propaganda, and I must say that I agree.

In concluding my remarks in respect of the Department of Citizenship and Immigration let me say that I hope the promised white paper will be produced soon and will contain revisions similar to those recommended.

At this time I want to make one or two comments regarding the work of the Bilingualism and Biculturalism Commission which has done nothing more than conduct uncertain studies across this great country of ours. I use the term "uncertain" because up to this time that Commission has confined its studies to how English and French speaking Canadians fit into the Canadian way of life.

• (4:20 p.m.)

No one seems to be particularly concerned about the other one third of the population of this country comprising the other ethnic groups. I am not going to dwell on the B and B Commission at any length, but I say to you, Mr. Speaker, that any massive concession by any government to any minority group in Canada would just be the beginning of many problems. I say this only because there are some one million Germans in this country, some 750,000 people of my national origin, some 450,000 to 500,000 Italians, and so on down the line. I do not think that you can build a united Canada by recognizing one or two races as the only races in this country. They must all be recognized as they have been in the past. I simply say that it will be very interesting to see the final report of this Commission, because I think it has done nothing more than to sow the seed of uncertainty in this country, which we could have very well done without.

The Acting Speaker (Mr. Batten): Order. I apologize for interrupting the hon. Member, but the time allowed to him has expired.

[*Translation*]

Mr. Albert Béchard (Bonaventure): Mr. Speaker, at the outset of my observations, I should like to congratulate very sincerely my colleagues from St. John's West (Mr. Cashin) and St. Maurice-Laflèche (Mr. Chrétien) for the ability, the mastery and the dignity with which they have performed the important duty that was bestowed upon them. By means of carefully prepared

speeches, they have proven that maturity and youthfulness are not inconsistent with one another nowadays, and those who trusted these two young Canadian citizens should be proud of having brought into the limelight of Canadian politics two of their best brains, who are typical of the vigorous defenders Canada needs so much in the troubled times it is going through.

In order to bring back to earth the hon. member for Villeneuve (Mr. Caouette) who in a recent speech chastised the hon. member for St. Maurice-Laflèche, displaying the *Quadragesimo Anno* encyclical letter of Pope Pius XI, I would like to remind him that since *Rerum Novarum* and that encyclical letter and Pius XI, there was another document entitled *Mater et Magistra* which was written by someone who is not behind times like the hon. member, but by a very dignified pope called John XXIII.

Mr. Laprise: Mr. Speaker, may I ask a question of the hon. member?

Mr. Béchard: When I have completed my remarks.

Mr. Laprise: You may as well wait.

Mr. Béchard: Mr. Speaker, since I have not sufficient time at my disposal to sum up *Mater et Magistra,* I would suggest that the hon. member read the chapter which deals with socialization.

It is comforting to find that no aspect of the social and economic life of this country has been neglected and that nobody seems to have been forgotten in the speech from the throne submitted to our examination.

The government's desire to keep on following the course it set itself is clearly reflected in this legislative program, which shows us to what extent the government is conscious of the needs and fondest aspirations of the Canadian people and how it can take into account, in its legislation, the problems facing us now.

Thus, we find the government quite intent on waging war on poverty, through programs and policies designed to provide every Canadian, no matter which area and province he comes from, with a decent income. I refer to grants to workers forced to move to new jobs, to the training of workers for industry, etc.

As regards administrative reforms, there are proposals to overhaul the Bankruptcy Act, the Bank Act, the Unemployment Insurance Act and the Citizenship and Immigration Act.

That, Mr. Speaker, is the third phase of the program worked out only two years ago yesterday by the party to which I have the honour to belong and which was ratified by the Canadian people. Already, after only two years of administration—

Mr. Knowles: Yesterday.

Mr. Béchard: —in spite of the numerous difficulties peculiar to any minority government, in spite of the obstruction and sometimes the filibustering by a large section of the opposition, the Canadian people appreciate today the tremendous job accomplished under those circumstances by the government which has enacted through legislation more than half of its program.

One only has to read the comments of many newspapers of the last week end to find out.

• (4:30 p.m.)

If I may, Mr. Speaker, I should like to quote an editorial from the newspaper *Le Droit* of April 3, 1965. It is entitled "End of a session", under the signature of Marcel Gingras:

> In spite of filibustering which marked its proceedings, the session now coming to an end was much more fruitful than would seem at first glance. There is no intention to give a list here of the 95 pieces of legislation passed since February 18, 1964, but we cannot ignore some facts as important as the adoption of the flag, the adoption of a national pension plan, the enactment of the labour code, the agreement on the opting out formula concerning shared cost programs or the integration of the armed forces.

Mr. Speaker, representing as I do a district which has greatly suffered in the past from its remoteness from the great centres on which our governments focused all their attention—I might add that it also suffered from the indifference of our various administrations and the inertia of some of our representatives—I can only welcome the fine program outlined in the speech from the throne to improve the standard of living of underprivileged Canadians. The Gaspé area, I do not hesitate to say it here, really became economically active only when a dynamic and progressive government took office in Quebec in 1960. That government restored its true meaning to the autonomy behind which its predecessor had hidden for 16 long years, thus depriving the people of the province and those of the Gaspé area in particular, of major sources of capital which were indispensable to the economic recovery of those underprivileged and depressed areas and

which the federal government was offering under various programs.

The numerous efforts of this federal government since 1963 to restore the economy of areas like mine, by enticing industries to settle there, have given a shot in the arm to the Canadian economy and some hope to the people. To mention only one, that of designated areas, I can say that this policy has been a determining factor of the establishment in New Richmond, in my riding, by the Bathurst Power and Paper Company, at a cost of almost $50 million, of a wood processing factory which will be in operation in August 1965. The construction itself, since last April, has been giving work to about 900 people. When it is in operation, this industry will provide steady and well paid jobs to almost 1,000 Gaspé people and to several Canadian experts, not to mention the many opportunities which the increase in the population of this town will bring to businessmen, farmers, workmen and professionals in my area.

At the same time the Minister of Public Works (Mr. Cardin), in co-operation with the said company, is also making, at a cost of almost $1 million, very important improvements in port facilities which will assist the shipping of the products of this new factory to the domestic and exportation markets. Without the strong measures initiated by this government, jointly with the equally strong efforts of the Quebec government and of the Bathurst Power and Paper Company, the latter would not have made such a decision and our area would still be waiting impatiently to take its place under the sun.

It is encouraging to see that the speech from the throne mentions the intention of the government to extend to other areas of the country this policy of special conditions to designated areas. To do that, he should alter the criteria on which this measure was based, criteria which I criticized in a constructive way at that time.

I believe that the data obtained from the unemployment insurance offices, though quite valuable for the government in the assessment of underdeveloped areas, do not do justice to those areas in our country where there is practically no industry. Though far from large centres, the Gaspé peninsula, for instance, and the county of Bonaventure especially, offer many facilities and opportunities which should attract industries: their proximity to the sea, inexpensive means of transportation and available manpower which will be soon skilled and ready to work. These factors, combined with an urgent need for industry and a high rate of unemployment, should be taken into consideration by the experts during the review of designated areas.

Canadian unity, which English speaking as well as French speaking extremists contribute, knowingly or unknowingly, to weaken, the first by their rigid and vexatious attitude, who persist in not recognizing the equality between the two founding races of our nation, in denying French Canadians the right to work in their mother tongue; the second by their unbending attitude, who see no possible solution and who refuse all dialogue, has never been the object of all the consideration it has received under the present administration. No prime minister and no political party in the country has ever been so dedicated to the cause of unity between our two peoples, as have been the present Prime Minister and the Liberal party.

Positive and efficient steps have been taken to that end and we are already noting a greater understanding of French Canadians by English Canadians. The Prime Minister and his government were criticized for setting up the Laurendeau-Dunton Commission, but I feel that this action taken by the government, due to the initiative of the Prime Minister, will prove its efficiency and its validity to those prophets of doom. I should like to quote the words spoken by Mr. Maurice Egan, an Ottawa alderman, last Monday night at a city council meeting, as reported in *Le Droit* of April 6:

> All men are prejudiced in some way and we are no exception to this rule. The matter now under consideration is very serious. As a matter of fact, our country is going through the most serious crisis in its history.
>
> I do not believe that the commission divided our country. This is the first time that we, English Canadians, are forced to engage in soul searching. And we are already beginning to understand.

And later on, Mr. Egan goes on to say:

> French Canadians have rights which were granted to them by the constitution. Let the commission do its work. I am proud to be a member of this council and I would not like it to be divided on such an important issue. The commission is seeking solutions to a major problem. We, English speaking Canadians, hold that solution. Let us not forget it.

Being very anxious to help unite our two main peoples, the present government had parliament adopt a distinctive national flag, a symbol that was asked for so long and under which all Canadians can rally proudly and proclaim themselves, from sea to sea,

citizens of a sovereign country, ready to struggle side by side on occasion and to fraternize as brothers really united in the pursuit of the same ideal: greatness, prosperity and unity of our dear country. This symbol of unity will be completed during this session when the house adopts a national anthem, a rallying song for a people ready to do anything to defend and protect its territory. One has to be the present Leader of the Official Opposition to repeat in this house and outside that no government has ever done as much as the present one to divide our country, while he is himself recognized throughout the country as the great common divisor, not only of the Canadian nation, but also of his own party. Another most important legislation, which will free us from this humiliating necessity of appealing to the parliament of Westminster to amend our own constitution is the adoption of the formula presently known under the name of Fulton-Favreau formula, which was worked out by representatives of all the provinces, last fall, after over 30 years of serious and continuous discussions.

What is important for us, as Canadians, is the right to amend our constitution in Canada. Once we have that right, it will be easier then, to bring about the necessary and recommended amendments and adjustments, through consultation and negotiation at the different levels of government in our country.

When I hear the leader of the Ralliement Créditistes, and the deputy leader who has an eye on his leader's job state on television that they do not want this dusty document back in our country, I wonder whether they fully realize that it is not a matter of repatriation of a document but rather the right for us, Canadians, to amend our constitution which they call dusty. Besides it is not by doing tricks, or dancing or having fun at the expense of the people that you can talk seriously of a matter of such a great importance for us.

I should like also to know what position is the N.D.P. going to take at the national level, in the fight it has waged against the Fulton-Favreau formula. Indeed, the national leader stated in the house that this formula is a strait-jacket because it weakens the powers of the central government, which that party wants centralist to the utmost, and again, before a small group of Quebec militants and his lieutenant, Mr. Cliche, he stated that he objects to this strait-jacket because it weakens the powers of the provinces, especially of the province of Quebec. It is difficult to reconcile these two completely opposite attitudes. How can we expect more sincerity when we hear the national leader, the hon. member for Burnaby-Coquitlam (Mr. Douglas), state, in his contribution to this debate, on April 6, 1965, that consultations with the provinces about this measure can solve nothing?

What can the country and especially the province of Quebec expect from such a party which has been a stark opponent of consultation from the start?

Mr. Speaker, I will no doubt be permitted during the few minutes at my disposal to deal with some of the problems facing the Gaspe peninsula and more particularly the constituency of Bonaventure which I have the honour to represent in this house. In my riding, the main sources of revenue are the farming, the forest, the fishing and the tourist industries. At the present time, a special study and a complete inventory of all the resources of our region are being made by the Eastern Development Bureau under ARDA.

A team of researchers, whose salaries are paid on a shared basis by both federal and Quebec governments, are doing an excellent job in trying to find a solution to the chronic problems which this pilot area is facing in every field.

I am happy to find that the people of my riding have shown such an interest in these studies; and they are to be commended for it. All parishes have a very active local committee which have already submitted some very good information to the various groups of the area committee. Interesting reports have been prepared by most of these study groups.

The people and myself entertain great hopes from this work begun nearly three years ago.

We all realize that agriculture, and especially that of eastern Canada, is in a sad state of affairs and needs a shot in the arm, if it is to continue to provide the farmers with a decent living. The uneasiness comes first of all from the very high cost of farming equipment required for modern and efficient farming; then from the high cost of farm labour and the lack of organized markets and storage which results in the fact that the farmers' income is clearly inadequate to meet their obligations.

Many of our farms are farms in name only. It is no longer possible to live on a 50 acre

farm. But, to expand, the farmer must have the money required.

True, the government has taken certain steps to make it easier for farmers to get loans, but that is not enough. A real farm policy is needed, and I am glad to find that, in co-operation with the provinces, such a policy is being developed. It would be easy to deal temporarily with the situation by continuing the stopgap policies that have been used for so long. That is why, even if farmers are getting impatient—and justifiably so—I think it is to their own advantage and that of agriculture in general that a real and responsible farm policy be established in Canada. I am convinced that the work now being done by ARDA will bring the solution that the farm people have been awaiting for so long.

In this case again, many will have to give up their old habits and ways but the expected result for the future of our agriculture is worth while.

When we realize that 75 per cent of our Quebec farmers are responsible in fact for 25 per cent of the total production, when 25 per cent of the rural labour force is, alone, responsible for 75 per cent of the total production, we may wonder whether our eastern agriculture, in Quebec in particular, plays its intended role in our economy.

Our forest industry which is the most important industry in my riding is, I believe, faring quite well. Some producers might play a more efficient part if they could take advantage of access roads to the forest which are a basic requirement for a rational and economic operation.

Incentives will have to be found if we want not only to preserve but to develop the tourist industry, one of the main sources of income in the Gaspé area. Nothing is more marvellous and more refreshing for Canadian and foreign tourists than to make what is called the tour of the Gaspé peninsula. That is why that magnificent district should be made more readily accessible to tourists.

I am thinking, for instance, of the establishment of a regular air route to Gaspé. Besides tourists, the planes could transport the mail so that news would not be outdated when it reaches us. As I pointed out very often here to the Minister of Transport (Mr. Pickersgill), that would require the improvement of existing private landing strips by the government. I will confine myself to my riding of Bonaventure and mention those of Carleton and Bonaventure. Apart from the new standards announced recently and the substantial increase of federal aid toward the establishment of small airports, the burden which our small municipalities and public bodies will still have to bear is too heavy, and they cannot afford it. This is a vital, very important and urgent matter for my riding, the Gaspé peninsula and the county of Bonaventure.

Therefore, I ask that the government pay all costs of establishing and administering airports in that district of the Gaspé peninsula. In my opinion, only the government can afford such expenditures. That would be an appropriate way of assisting the development of isolated and economically underprivileged districts which, furthermore, are totally deprived of air transport.

In view of the time at my disposal, I must omit a number of important points, but I should like, however, to stress the importance of developing the seaport of Gascon. This parish has the greatest number of fishermen in the county and little or no other sources of income. Therefore, I hope that the special conditions granted to designated areas will apply in this case and enable those fine people to establish a fish processing plant so as to process locally and to their profit the fish they wrest at the cost of hard work from the sea.

Our municipalities and seaside residents suffer also from the policy of the Department of Public Works with regard to erosion damage caused to private properties by the sea. Private individuals and municipalities are financially unable to build those costly retaining walls which have become necessary. Such an emergency should prompt the government to revise its present vexatious policy.

Those are the few remarks I wanted to make in this debate, Mr. Speaker. The Speech from the Throne is for hon. members a program in which they could find something to keep them busy during the whole session, if they really want to work for our country's social and economic development. Some are afraid of it because of its length and the many bills it proposes, but if each of us forgets himself and thinks first and foremost about the people he represents, he will first tackle the job of amending our obsolete rules to expedite the passing of measures that the people of Canada are awaiting impatiently.

To conclude, I will say just a few words to remove any fear which can be found in

the minds of our friends from the Social Credit party—

Mr. Chrétien: Of the Ralliement Créditiste.

Mr. Béchard: Yes, Social Credit. I should like to tell them the Liberal government that has been the originator of and has given all the social security measures the Canadian people are enjoying today will in due course increase family allowances. That is what they advocate in their subamendment.

• (4:40 p.m.)

[*Text*]

Mr. Fred F. Stenson (Peterborough): Mr. Speaker, I appreciate the opportunity of speaking on the Throne Speech and I would be remiss if, at the start, I did not congratulate the Mover and the Seconder of the Address in Reply on the fine job they did last Tuesday.

The Throne Speech did not make mention of any proposed attempt to increase our export trade and we in this Party are very concerned about our imbalance of trade with the United States. I believe we should examine the reasons why we are not securing more of the United States market, and in this connection I would like to put the figures for the last eight years on record.

In 1956, under the then Liberal government, our imbalance of trade with the United States was $1,167 million. This was reduced in 1957, the first year the Conservative government came into power, to $996 million. By 1958 we had reduced this another $400 million, to $564 million, or by $550 million since the last year of Liberal government. In 1959 it was further cut to $527 million and in 1962, the last year the Conservatives were in power, it was $544 million.

The projected figure for 1964 is close to $728 million, representing an increase of over $200 million during the short time since the Liberals returned to power, and present policies indicate they are driving for a figure of over $1 billion to be soon achieved in our trade imbalance with the United States.

Canada is losing ground in trade. The Canadian economic report has stated Canada's share of world trade is declining. The bulk of our exports is still resource material, although the big boom in world trade has been in manufactured goods. The lion's share of Canada's exports is still going to the United States and Britain, but everywhere Canada is losing ground to other countries and other exporters. These disquieting facts emerge from the Economic Council of Canada. Mr. Speaker, the Economic Council stated that the aim for better economic products is to win better access to foreign markets for Canadian manufactured products and highly-processed raw materials, instead of concentrating, as in the past, on tariff breaks for raw materials. Elsewhere in the report the Council noted that manufacturing will have to supply most of those 1,500,000 jobs needed in Canada between 1964 and 1970. They also pointed out that future Canadian prices and costs must be kept in line with any given exchange rate and with world prices and costs for goods entering into the international trade. What has the Liberal Government done about this?

• (4:50 p.m.)

The Council also said the private institutional psychological barriers to higher exports of manufactured goods must be reduced. Steps recommended in this direction are broader development within Canadian industry of modern and aggressive marketing techniques; adequate, competitive, export financing facilities; removal of arbitrary restraints, where they exist, on the competitive export capabilities of foreign-controlled firms; vigorous trade promotion for industrial goods. It is a known fact that world markets for manufactured goods are increasing, and we must share in these markets if we are to maintain existing standards of living and to provide employment that will be needed in future years. Every effort should be directed to the expansion of secondary manufacturing.

I have asked questions regarding the 11 per cent sales tax of the Finance Minister (Mr. Gordon), the Minister of Industry (Mr. Drury), the Minister of Trade and Commerce (Mr. Sharp) and in every case the Ministers' replies are very vague, sometimes pointing out that exports are increasing or that economy is good; but they are afraid to face up to the issues. They will not admit that this tax is hurting our Canadian exports. These figures that I have given today show that the imbalance of trade with the U.S. is going to be over $700 million this year. While the Conservative Party when it was in power cut this drastically, this Liberal Government is letting it slip right back to where it was—over $1 billion in 1956. The point is that these increased costs on building materials, on processing machines, on industrial machinery, must be borne by the Canadian citizen. The loss of export business, the loss of Canadian jobs, the high cost of Canadian goods and higher operational costs mean high finished goods selling prices. High finished goods

prices mean limited sales, and limited sales naturally impose limits on production not only for food processors but for all those industries serving this country.

This environment limits the Canadian labour force and the amount of money this force can pay to the Government in the form of income tax. Certainly the high cost of production curtails drastically the number of foreign markets. As a matter of fact, the primary reason a great percentage of our total exports have been on the increase is that we receive preferential treatment from our best customer, the Commonwealth. Collectively the United Kingdom and Commonwealth countries account for our exports being as healthy as they are. Canada has been warned about the imbalance of trade which they have with the United Kingdom. Harold Wilson has warned countries that they are going to be very firm regarding imports.

In the January issue of the *Canadian Food* magazine they had this to say: "Is the Canadian politician against us? Canadian and U.S. tariff comparisons are not fair. The 11 per cent sales tax legislates against competitive, domestic and export pricing". They also stated that a probe should be conducted on assistance by foreign Governments on export pricing. They pointed out that Canadian industry should be watching very carefully the negotiations that will be going on at GATT this year. This is where general agreements on trade policies will be set up for the future. The late President Kennedy recommended a cross-the-border cut on all present tariff structures.

I feel our Canadian export delegation at GATT should be very careful with these tariff reductions until this Government sees fit to reduce taxes that are hurting our export trade. We must also consider the standard of living in this country as compared to other countries that we will be asked to trade with; and we must in addition consider our climate conditions in Canada, which is a factor in our costs of production.

However, as if these natural factors were not enough to retard the efficiency of Canada's food processors in both domestic and foreign markets, the present Government has further compounded the problem through the additional burden of an 11 per cent tax on new building and machinery. What this artificial burden does to our building and equipping costs is quite staggering. Some examples cited in their brief are as follows: A food processing machine in the U.S. costs about $12,000; the same machine in Canada costs over $16,000. A labelling machine costing $59,000 in the U.S. costs the Canadian user $75,000. A case packer going for $11,730 in the U.S., in Canada calls for an investment of $15,000; and a case unloader going in the U.S. for $8,000 goes for $11,295 in Canada.

On everything the Canadian processor touches, from agricultural products through to packaging, from new machinery to building bricks, he is faced with much heavier costs than his U.S. counterpart. Yet he is expected to sell efficiently against his U.S. opposite in foreign markets, and also defend his domestic position—all in spite of the present obvious tariff imbalance.

Mr. Speaker, I would like to read from an article that appeared in the Peterborough *Examiner* regarding the Fisher Gauge Company. You have heard of this in the House before; it is the company that has gone to the United States because of the 11 per cent sales tax. This article says:

New York state governor Nelson Rockefeller is scheduled to tour the Watertown operations April 1.

The Fisher brothers, Chester and company president William, still seem somewhat awed by the rapid growth and potential of their operation.

"We are now working on developmental projects with several major U.S. manufacturers," Chester said, "and if our ideas are accepted it may mean substantial growth in the near future.

The potentialities are staggering."

But both men are disgusted and discouraged by the Dominion governments' attitude toward Canadian manufacturers.

William Fisher said the Dominion government gives special consideration to the raw materials industries (mining, pulp and paper) but is persecuting the manufacturers whose employment is much greater.

The climate for manufacturers is good in Europe, even better in the U.S. and Fisher expects business soon from Australia.

But Canadian government policies, Mr. Fisher stated, are driving manufacturers from this country.

"While our growth is most encouraging," William Fisher said, "it is certainly not nearly as rapid as woul dbe possible if the climate for industrial growth was more favorable."

The 11 per cent tax on production machinery led to the founding of the Fisher plant in Watertown last year and the tax is still a big headache for the company.

The complexity, the red tape, the import duties and the duplication of taxes between both senior governments has necessitated increased office staff and hours of work for senior company officials.

● (5:00 p.m.)

In New York State, Mr. Fisher explained there is no sales tax on industrial equipment.

Here, he said, there is tax on purchase and tax on harbour, both governed by a complex set of rules.

Chester Fisher said the growth of the Watertown operation was unexpected, partly because

Americans would rather buy products made in their own country than those imported.

Sometimes we wonder whether this Government would like to see everything imported for our use.

We have heard from several hon. Members with regard to the car parts industry. I, too, feel I should bring to the attention of the government the fact that all across Canada people are becoming alarmed about the trade agreement which has been set up. I refer particularly to the car industry agreement. What effect will these agreements have on our car parts industry? The Minister has told the manufacturers that they must cut their costs. It is a known fact that this agreement was reached down on President Johnson's ranch. I think this is a very queer place to be signing an agreement which will affect many of our workers in Canada, especially those engaged directly in the car parts industry.

Canadian-owned industry will suffer. This is one industry we should be trying to promote and help at the present time. Other manufacturers affected are those who are trying to operate in this country with United States capital. Canadian industries have been told to cut their costs or they will be deprived of this business. This is what the minister told us in this House. How can these industries cut their costs when every time this Government turns around it raises taxes?

I would like to ask the Minister of Industry (Mr. Drury) why he has tied the Canadian Government to this free trade policy when the United States government has not given approval to the plan. I know the Minister is aware of the statements which have been made on this subject and the attacks which many of the auto parts makers have levelled at this Government with respect to its trade policy. A firm in Ingersoll has made a statement through its president that the plan signed on January 16 by the Prime Minister and President Johnson means his company will have to pull out of the auto parts manufacturing business if the agreement is not revised. A questionnaire mailed to members of the Automotive Parts Manufacturers Association of Canada indicated that most of them are unhappy about the provisions of this scheme. Evidence has been placed before the minister that manufacturers of auto parts are being denied the privilege of bidding on business transacted with the Chrysler plant in Windsor.

[Mr. Stenson.]

The Minister has stated in this House that manufacturers of car parts must become more efficient. However, as one auto parts manufacturer pointed out to him, if one is not given a chance to participate in this large United States market, how is one to become more efficient? Every car parts manufacturer in Canada is worried about this trade agreement the government has made. The manufacturers feel the Canadian Government must give serious attention to the situation in which this industry finds itself, and reconsider this trade agreement.

Under the automobile plan set up by this government, $50 million of Canadian taxes or money which would normally have gone to the Department of National Revenue will be given to the large car manufacturers as a subsidy. The Minister of Industry has not seen fit to make any attempt to help our car parts manufacturers, with the result that many will be forced out of business. That will be the result of this agreement, the result of this policy adopted by the Liberal Government. Instead of decentralizing large industries, hon. Gentlemen opposite seem to have a policy of centralizing them.

Mr. Speaker, in the few minutes at my disposal I have outlined the fears of industry and labour in connection with our export markets and I would urge this Government to seriously consider the removal of these detrimental roadblocks.

Mr. Max Saltsman (Waterloo South): I should like to pay my compliments to the hon. Member for Westmorland (Mrs. Rideout) on her lovely speech the other day. We have a community of interest, since we were elected at the same time and I was very pleased to hear her excellent speech. She graciously acknowledged that the image of the Prime Minister (Mr. Pearson) played a leading role in her election. For my part I should like to point out that the image in Canada of the hon. Member for Burnaby-Coquitlam (Mr. Douglas) played a leading role in mine.

We in the New Democratic Party take some satisfaction in the Speech from the Throne, in the sense that after so many years of prodding from this side of the house the Liberal party has finally taken the first hesitant steps toward a program of manpower utilization.

The manpower policies set out in the Speech from the Throne are not, as has been said, a challenge to the bold; rather, they are little more than a sop to the timid.

The Government could have opened a new chapter in Canadian history, it could have provided the solid confidence needed to usher in the scientific age of automation and cybernetics. Instead it has given us warmed-over old hat. The Government could have given this country confidence for the future by the use of a simple clearcut statement in the Speech from the Throne such as: This Government commits itself to the proposition that policies will be designated to guarantee full employment in Canada. There can be no real gain in the economy of the nation until a Government dedicates itself to this basic fundamental proposition.

The greatest concern of Canadians today is the fear of unemployment and the related problem of economic growth. Until this fear is allayed, economic development will lag. Until Government makes a commitment to full employment, the economy will fluctuate from uncertainty to uncertainty. The Government had this opportunity. They either did not recognize it, or they muffed it. Canadians had been waiting for a clarion call, but got instead sour notes.

There probably was a time when government could say that such an objective as full employment was impossible. They do not dare say that today, because we know better. We know, and there are people at the disposal of the nation who know, that these objectives are obtainable, if only the proper course of action is taken. It needs only a determination on the part of Government to make full employment a policy. The people of Canada would do the rest.

This commitment would not have cost the Government a cent; yet such a commitment to the people of Canada would have been of the greatest psychological effect. Confidence in the future would spur spending on both consumer and capital goods. We hoped for this clarion call but got the Speech from the Throne instead.

Much has been said and written about the progress made in Canada's manpower programs during the last few years, especially since the Technical and Vocational Training Assistance Act came into effect in 1961. At first observation, one is likely to be impressed by the number of new training schools built, the students accommodated, the placements of workers, etc. But we have been impressed, not because it has been done well, but because anything has been done at all.

• (5:10 p.m.)

There seem to be two schools of thought about the nature and causes of Canadian unemployment. Most economists tend to blame inadequate demand, particularly inadequate consumer demand. When purchasing power and willingness to buy is not keeping pace with our country's capacity to produce goods and services, cut-backs develop in production, workers are laid off. These further reduce demand. They are followed by more cut-backs and lay-offs, not only in the consumer goods industries but also in those producing heavy machinery and equipment. So came high unemployment and sluggish economic growth. The gap between our ability to produce goods and services and the ability of people to buy those goods and services is reflected in unemployment. The solutions proposed are designed to raise and maintain aggregate demand. They may range all the way from modest proposals regarding the interest rate, to a whole constellation of programs including large scale Government expenditure on social capital, lower taxes for middle and low income groups, and greatly expanded social security programs. These are solutions that we propose, but not the solutions that are seen in the Speech from the Throne.

The second school of thought senses that unemployment takes the form, not of an absolute gap between the supply of and demand for labour, but rather, a mismatching between the labour demanded and the labour supplied. They feel that there are enough jobs to go around but not enough Canadian workers possessing the necessary skills, or in the right places, to fill all these jobs. Thus, job vacancies on a large scale may co-exist with unemployment on a large scale. This mismatching or imbalance in the labour market is produced by structural changes in our economy, due mainly to rapid technological change and to new trade and tariff policies. Technological change, it is said, creates new jobs while destroying old ones, but the new jobs require a higher level of education and technical know-how. Both technological change and new tariff policies may cause the location of job opportunities to change by producing a rise in new industries and a decline in old ones, or by encouraging greater concentration of production facilities.

The New Democratic Party feels that the fundamental cause of Canadian unemployment has been due mainly to inadequate demand. In the past we have proposed a wide range of policies designed to build up purchasing power and to keep it growing in balance with

productive capacity. We shall continue to advocate these measures in the future because, in spite of the improvement in economic conditions since 1961-62, there are still no long-run forces in our economy which can guarantee a continuing state of buoyant demand. Wheat sales to Iron Curtain countries, and devaluation of the dollar cannot be relied upon indefinitely. Deliberate Government policies of an expansionary nature—particularly large scale Government expenditures on social capital and reduced taxes on low income groups—are essential.

However, it also seems to us that over the next decade or two the mismatching kind of unemployment will grow in importance as technological change accelerates. To cope with the problem we will require an active, co-ordinated, manpower policy; it will lie with the monetary and fiscal authorities and will be a collective responsibility of Government. The objective of manpower policy will be to achieve balance in the labour market and maximum utilization of manpower resources under given conditions of demand.

There are many weaknesses in Canada's present manpower policy. Three of them have overriding importance. First, it lacks co-ordination. Second, there is no continuation of analysis of changes in the composition of demand for labour. Third, there is no satisfactory program to aid and encourage the geographic mobility of workers.

Mr. Speaker, no manpower policy can hope to succeed without co-ordination of the various programs of which it consists. Canada's manpower policy is scattered among a variety of agencies and branches, even among a variety of Government departments. The Economic Council of Canada has called attention to the fact, charging that "lack of co-ordination of manpower services is a basic weakness of labour market policy in Canada", and warns that, "to distribute such tasks to separate branches and agencies will only succeed in rendering impossible an integrated labour market program".

First, all manpower programs ought to be in one department—logically the Department of Labour. Those departments such as Citizenship and Immigration that now operate placement and other manpower services ought to transfer these to the Department of Labour. But even within the Department of Labour, co-ordination has been lacking. There are now at least five agencies in the Department engaged in manpower policies.

[Mr. Saltsman.]

Mr. Speaker, we do not suggest that these agencies should lose their identity but that their functions should be clearly defined and co-ordinated. With regard to the Manpower Consultative Service, the Economic Council has said:

> It is hard to escape the impression that it is a disembodied branch, and not at all integrated into an over-all labour market program.

Mr. Speaker, to achieve the necessary co-ordination and direction in manpower policy, one of the manpower agencies should build their activities around it. The logical agency for this role is the National Employment Service, because of its continuous contact through its 200 or more local offices with local labour markets. The Economic Council of Canada has made exactly this point. They have said:

> The N.E.S. must become the key operational agency for implementing manpower policies. It must also become the sole co-ordinating agency of all programs and policies related to the labour market.

In announcing the transfer of N.E.S. to the Department of Labour on March 31, the Minister made some encouraging remarks in this regard, stating that steps would be taken to ensure that the Employment Service would become the key operational agency in the manpower field.

The Minister has wandered hither and yon on manpower policy since he took office. One hopes that he is now on the right path, to stay. On January 26 in St. John's he said that he was delighted with the part of the Economic Council's report dealing with manpower policy. Then on March 8 in this House he unleashed an attack on the same section of the same report. Now he is back giving cautious endorsation to part of the manpower policy advocated by the Council. We can only hope that his confidence in the Council's recommendations will grow, and that the foundations for a solid manpower policy in Canada will be developed. I hope that the Liberal Government makes a better job of this than some of the agencies have done, where very often their efforts have seemed to be much like a Wagnerian death wish. If this Government wants a good manpower policy for Canada and wants the N.E.S. to be successful, it should be prepared to go out and hire the proper people at good salaries to make sure that this will occur in Canada.

The most incredible thing about Canada's so-called manpower policy is that it is

operated in a vacuum of labour market information. There is no agency of Government that carries out a continuous and detailed analysis of changes in the composition of demand for labour. The N.E.S. is structurally equipped for this job on the basis of its local offices. But it has been starved for funds and professional staff. It has been unable to carry out this function. For example, there is provision for only one economist in the N.E.S. and even this position has gone vacant for five of the last eight years because the salary offered is too low to attract a professional person.

When Ministers talk glibly about changing the supply structure of the labour force in accordance with changes in labour demand, one gets the impression they know what types of labour are going to be needed. But they do not know. Nor is there any agency of Government which is carrying out the kind of continuous analysis and forecasting that would enable us to know.

• (5:20 p.m.)

How can we possibly discuss the courses to set out for our vocational schools if we have no notion of the kind of labour market that these students are likely to face? How can we devise training courses to upgrade the adult labour force or to train the unemployed if we do not have a clear picture of the kind of labour services currently demanded by industry, or likely to be demanded over the next several years? Technical training that takes place in a vacuum of labour market information is an exercise in futility. The same is true of programs designed to assist the moving of workers. It is a classic case of the blind leading the blind.

Training and mobility programs, to be effective, must be integrated into an active, national, labour market policy. An essential foundation for such a policy is a continuing analysis and forecasting of labour market demand.

Once again, Mr. Speaker, we feel that this could be carried out through the National Employment Service, possibly in conjunction with the Economics and Research Branch of the Department of Labour. Through its local offices throughout the country the N.E.S. could get advance information from most of the country's employers of expected changes in the level and composition of their demand for labour. This information should then be analysed by a professional staff. When certain trends are discovered the information should then be fed to the training schools so that they would be able to arrange their curricula in accordance with labour market trends. There should also be assessment as to the utility of questions. In other words, let us not ask pointless questions, as has so frequently been done in the past. Let businessmen who are going to be asked these questions know why the questions are needed, and let them understand the value and merit. There would be a lot less opposition to the answering of questions.

Structural change in our economy will require a high degree of geographic mobility of the labour force to adjust to the changing location of job opportunities. In a country of Canada's size financial considerations may pose a serious obstacle to a worker who considers a move. A comprehensive program to provide financial assistance for worker mobility is therefore urgently required. There is only a smidgen of such assistance in Canada at the present time. The programs that we have had in the past have fallen dismally short of what has been done for many years in most of the countries of Western and Northern Europe.

The New Democratic Party proposes that a national labour mobility program be launched based on the following principles:

(a) That it include not only assistance for the travelling expenses of the worker, but also a removal allowance to help him in the moving of his family and belongings and a settling in allowance to help him get established in the new region. It should also include a second residence allowance for workers attending a training school away from home.

(b) Assistance should not be based on a means test.

(c) It should be truly comprehensive in scope. In other words, its provisions should not be confined to disadvantaged workers in depressed areas but should be available to all workers in any part of the economy, including workers moving on a temporary basis.

(d) The assistance should be administered and co-ordinated by the National Employment Service which, through its local offices across the country and its constant contact with local labour markets, is the only agency in a position to carry out this function.

The New Democratic Party manpower policy embraces the following: A co-ordinated set of manpower services built around the National Employment Service and performing the functions of a labour market

board. This co-ordinated group of services might be called the national manpower services. It also includes a nation-wide network of adult training centres under the direction of the national manpower services. Allowances would be paid to unemployed trainees on a wage related basis. The federal government would pay 100 per cent of the cost of allowances and would set the levels.

Our policies are designed to move Canada into the scientific age while still preserving and heightening the human values upon which our society is founded. For the first time in human history the prospect of plenty for all is possible, plenty not only for Canadians but for all humanity. Automation and cybernation can be that avenue, that road, that highway to plenty for all people. But to take advantage of the fruits of science the Government must commit itself to a manpower policy designed to ensure full employment. Otherwise fear will put roadblocks in the way of progress. Only if full employment is assured will the workingman lose his fear of change. It is easy enough to tell the workingman he has nothing to fear, but when he knows he has a wife and children to look after or if he is contemplating marriage or is concerned about his future, fear is a very important factor. If the Government is really concerned about those factors that go toward making for slowdowns and featherbedding in industry, then it will move to remove the fear of unemployment from the mind of the workingman. The workingman functions best when he is not afraid of the future, and a Government proposal to maintain full employment would remove that fear from his mind.

Only a worth-while manpower and investment program can ensure that the change into the scientific age will take place with ease among those in industry and will not meet with resistance from industry. People who have worked all their lives to build and maintain a business are justifiably afraid of the kind of changes that are taking place in society. I think they are quite willing to change and quite willing to meet the new challenges, but the opportunity to rationalize their business operations should be available to them through an increased amount of capital machinery so they can compete with others in the same market. If the Government accepts this challenge, this land can be free from fear and ready for the scientific age.

[Mr. Saltsman.]

Mr. Speaker: Order. It being 5.30 p.m. it is my duty pursuant to section 4 of Standing Order 38 to interrupt these proceedings and put the question forthwith on any amendments now before the House. Is it the pleasure of the House to adopt the amendment to the amendment? All those in favour of the amendment to the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it. I declare the amendment to the amendment lost, on division.

Amendment to the amendment negatived, on division.

Mr. Speaker: The question is on the amendment to the main motion. All those in favour of the amendment will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the nays have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

The House divided on the amendment (Mr. Diefenbaker) which was negatived on the following division:

YEAS

Messrs:

Aiken	Douglas
Alkenbrack	Fane
Baldwin	Forbes
Beaulé	Gauthier
Bell	Grégoire
Bigg	Gundlock
Boutin	Hales
Brewin	Harkness
Cadieu (Meadow Lake)	Horner (Acadia)
Cameron (Nanaimo-Cowichan-The Islands)	Horner (The Battlefords)
Cantelon	Howard
Caouette	Howe (Hamilton South)
Cardiff	Jones, Mrs.
Chatterton	Jorgenson
Churchill	Kennedy
Clancy	Knowles
Coates	Korchinski
Côté (Chicoutimi)	Lambert
Crouse	Langlois
Danforth	Laprise
Diefenbaker	Latulippe
Dinsdale	Leboe
	Lessard (Lake St. John)

Division

Loney
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
McBain
McCutcheon
McIntosh
Mandziuk
Marcoux
Martin (Timmins)
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Noble
Nowlan
Nugent
Ormiston
Pascoe
Patterson
Perron
Peters
Plourde
Pugh
Rapp
Ricard
Rondeau
Rynard
Scott
Simpson
Skoreyko
Smallwood
Southam
Starr
Stefanson
Stenson
Thomas
Thompson
Valade
Vincent
Watson (Assiniboia)
Webb
Webster
Willoughby
Winkler
Woolliams—93.

NAYS

Messrs:

Addison
Armstrong
Asselin (Notre Dame de Grâce)
Asselin (Richmond-Wolfe)
Balcer
Basford
Batten
Béchard
Beer
Benidickson
Benson
Berger
Blouin
Boulanger
Brown
Cadieux (Terrebonne)
Cantin
Cardin
Caron
Carter
Cashin
Choquette
Chrétien
Côté (Longueuil)
Crossman
Cyr
Davis
Deachman
Deschatelets
Drouin
Dubé
Émard
Ethier
Eudes
Forest
Francis
Gendron
Godin
Gordon
Granger
Gray
Greene
Guay
Habel
Hahn
Haidasz
Harley
Hellyer
Honey
Jewett, Miss
Kelly
Klein
Konantz, Mrs.
Lachance
Laing
LaMarsh, Miss
Lamontagne
Lamoureux
Laniel
Laverdière
Leblanc
Legault
Leduc
Lessard (St. Henry)
Lloyd
Loiselle
Macaluso
Macdonald
MacEachen
Mackasey
MacNaught
McIlraith
McMillan
McNulty
McWilliam
Martin (Essex East)
Matte
Mitchell
Moreau
Morison
Mullally
Munro
Nicholson
Nixon
O'Keefe
Otto
Paul
Pearson
Pépin
Pilon
Prud'homme
Regan
Richard
Rideout, Mrs.
Rinfret
Rochon
Rock
Roxburgh
Tardif
Temple
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan—106.

• (5:50 p.m.)

Mr. Speaker: I declare the amendment lost.

Mr. Cowan: Mr. Speaker, I was paired with the hon. Member for Rosetown-Biggar (Mr. Cooper). Had I voted, I would have voted against the amendment.

[*Translation*]

Mr. Frenette: Mr. Speaker, I did not vote because I was paired.

[*Text*]

Mr. Olson: Mr. Speaker, I was paired.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I am pleased to speak, on behalf of my group, during the debate on the speech from the throne.

Mr. Speaker, may I call it six o'clock.

[*Text*]

Mr. Speaker: Order, please. If I understand the hon. Member rightly, he is calling it six o'clock. It being just six o'clock, I do now leave the Chair.

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

APPENDIX

STATEMENT BY JUSTICE MINISTER RESPECTING CORRECTIONAL REFORM

The Minister of Justice, the Honourable Guy Favreau, today announced to the House of Commons details of two measures foreseen in last Monday's Speech from the Throne. Both measures concern correctional reform and are part of the Government's plans to modernize Canada's entire treatment of offenders. Speaking in the debate on the Address in Reply to the Speech from the Throne, the Minister outlined the Government's intentions on:

(1) The Special Committee on Corrections: a group of specialists to be named shortly in addition to the joint Parliamentary committee on corrections already proposed on the Order Paper.

(a) Terms of Reference: as now approved by Cabinet, the Terms of Reference of the Special Committee on Corrections are as follows: "To study the broad field of corrections, in its widest sense, from the initial investigation of an offence through to the final discharge of a prisoner from imprisonment or parole, including such steps and measures as arrest, summonsing, bail, representation in Court, conviction, probation, sentencing, training, medical and psychiatric attention, release, parole, pardon, post release supervision and guidance and rehabilitation; to recommend as conclusions are reached, what changes, if any, should be made in the law and practice relating to these matters in order better to assure the protection of the individual and, where possible, his rehabilitation, having in mind always adequate protection for the community; and to consider and recommend upon any matters necessarily ancillary to the foregoing and such related matters as may later be referred to the Committee; but excluding consideration of specific offences except where such consideration bears directly upon any of the above mentioned matters."

(2) The Free Vote on Capital Punishment: In order that Members of both Houses of Parliament may have at their disposal all the elements necessary to make a truly free and informed decision on the possible abolition of capital punishment, the Government will publish an Information Paper on this subject. The Paper will present objectively, without taking any determined position, all significant facts and arguments advanced by both defenders and opponents of abolition. It will contain notably a brief history of capital punishment, statistics showing its apparent value or irrelevance as a deterrent, and notes on the experience of other countries.

HOUSE OF COMMONS

Monday, April 12, 1965

The house met at 11 a.m.

THE BUDGET

TABLING OF BUDGETARY PAPERS—DATE OF PRESENTATION

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I wish to table copies of the usual Budgetary Papers in English and in French and I should like to ask the consent of the house to have them appended to today's *Votes and Proceedings* and also appended to *Hansard* of the day on which the Budget is brought down.

Mr. Speaker: Is that agreeable?

Some hon. Members: Agreed.

Mr. Gordon: Mr. Speaker, I should also like to announce that subject to emergencies and barring accidents—and I am thinking of the vote which is to take place on Wednesday or Thursday—the Budget will be presented to the House on Monday evening, April 26.

BRITISH NORTH AMERICA ACT

AMENDMENT TO INCREASE QUORUM OF THE HOUSE OF COMMONS

Mr. Stanley Knowles (Winnipeg North Centre) moved for leave to introduce Bill No. C-94, to amend the British North America Acts, 1867 to 1964, with respect to the Quorum of the House of Commons.

Some hon. Members: Explain.

Mr. Knowles: Mr. Speaker, the purpose of this bill is to increase the quorum of the House of Commons from the present low figure of 20 Members to the more reasonable figure of 50 Members.

Motion agreed to and bill read the first time.

• (11:10 a.m.)

BUSINESS OF THE HOUSE

Mr. Speaker: Do I understand from the House Leader that it is agreed that we will take the first six Government notices of motions together?

Mr. McIlraith: Mr. Speaker, I should like to ask that we take the first six in one group. It will shorten the procedure. The others are simply being transferred.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

BANK ACT

DECENNIAL REVISION AND EXTENSION OF BANK CHARTERS

Hon. Walter L. Gordon (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 provide for the decennial revision of the Bank Act and the extension of the charters of the existing chartered banks till July 1, 1975, and to provide further for certain changes in connection with the administration of the act.

Motion agreed to.

QUEBEC SAVINGS BANKS ACT

DECENNIAL REVISION AND EXTENSION OF POWERS

Hon. Walter L. Gordon (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 provide for the decennial revision of the Quebec Savings Banks Act and the extension of the powers of the existing savings banks till July 1, 1975, and to provide further for certain changes in connection with the administration of the act.

Motion agreed to.

NATIONAL HOUSING ACT

PROVISION FOR INCREASE IN ADVANCES TO CORPORATION

Hon. J. R. Nicholson (Minister of Citizenship and Immigration) 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 the House do go into Committee of the Whole at its next sitting to consider the following proposed resolution which has been recommended to the House by His Excellency:—

That it is expedient to introduce a measure to amend the National Housing Act, 1954, to increase—

(a) from two and one-half billion dollars to three and one quarter billion dollars the amount the Minister of Finance may advance to Central Mortgage and Housing Corporation for the purpose of making direct loans to borrowers to assist in the construction of houses and housing projects;

(b) from one hundred million dollars to three hundred million dollars the amount the Minister of Finance may advance or pay to the Corporation to make loans and grants relating to urban renewal schemes and to meet obligations incurred under urban redevelopment agreements;

(c) from fifty million dollars to one hundred and fifty million dollars the amount in the special account established in the Consolidated Revenue Fund out of which advances may be made toward public housing projects developed jointly by the Corporation and a province or any agency thereof;

(d) from one hundred and fifty million dollars to two hundred million dollars the maximum amount the Minister may advance to the Corporation for the purpose of making loans for university housing projects; and

(e) from six billion dollars to eight and one half billion dollars the maximum amount of all loans in respect of which insurance policies may be issued under the Act.

Motion agreed to.

THE SENATE

ESTABLISHMENT OF RETIREMENT AGE FOR SENATORS

Right Hon. L. B. Pearson (Prime Minister) 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 provide for the retirement, upon attaining the age of seventy five years, of any person appointed to the Senate after the coming into force of the said measure; to extend the provisions of the Members of Parliament Retiring Allowances Act to such persons; to provide for the granting of an annuity to any person appointed to the Senate before the coming into force of the said measure who resigns his place in the Senate after having attained the age of seventy five years or having become afflicted with a permanent infirmity disabling him from the performance of his duties; and to provide further for the granting of an annuity to the widow of a person who was granted such an annuity upon resigning his place in the Senate.

Motion agreed to.

EXCISE TAX ACT

PROVISION FOR TAX REFUND ON DESIGNATED GOODS

Hon. Walter L. Gordon (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 amend An Act to amend the Excise Tax Act, chapter 12 of the Statutes of 1963, to permit a refund of or deduction from tax or a payment of an amount equal to tax to be made in respect of designated goods described in section 10 of that act that are sold and delivered, or applied to a use resulting in the property in the goods passing, after December 31, 1964.

[Mr. Nicholson.]

Motion agreed to.

PUBLIC SERVICE

AMENDMENTS RESPECTING SUPERANNUATION

Hon. Walter L. Gordon (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 amend certain Acts respecting the superannuation of persons employed in the Public Service, members of the Canadian Forces and members of the Royal Canadian Mounted Police, to give effect to the provisions set out in Finance Votes 18d, 21d and 23d of the Supplementary Estimates (D) tabled in the House of Commons on March 19, 1965.

Motion agreed to.

AGRICULTURE

PRAIRIE FARM ASSISTANCE—COMMITTEE CONSIDERATION OF ROYAL COMMISSION RECOMMENDATIONS

On the order—Government notices of motions.

April 9—The Minister of Agriculture:

That the recommendations contained in the Report of the Prairie Farm Assistance Administration Commission of Inquiry, tabled on July 29, 1964, including the following two questions:

1. Whether the permanent staff of the P.F.A.A. should be brought under the Civil Service Commission, and

2. Whether there should be other changes in the operation of the P.F.A.A.,

be referred to the Standing Committee on Agriculture and Colonization for such recommendations as it deems advisable.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this notice of motion is transferred to and ordered for consideration under Government Orders at the next sitting of the House.

PENITENTIARIES

CONSIDERATION BY JOINT COMMITTEE OF SENATE AND HOUSE OF COMMONS

On the order—Government notices of motions.

April 9—The Minister of Justice:

That a Joint Committee of the Senate and House of Commons be appointed to consider the state of penitentiaries under the control of the Government of Canada and the plans of the Government in relation thereto with powers to report from time to time its observations and opinions thereon; send for persons, papers and

records; adjourn from place to place; sit during sittings of the House; and print from day to day such papers and evidence as may be ordered by the Committee, and that Standing Order 66 be suspended in relation thereto;

That 15 Members of the House of Commons, to be designated at a later date, act on behalf of the House as Members of the said Committee; and

That a Message be sent to the Senate requesting that House to unite with this House for the above purpose, and to select, if the Senate deem advisable, some of their Members to act on the proposed joint Committee.

Mr. Speaker: Pursuant to section 2 of Standing Order 21, this notice of motion is transferred to and ordered for consideration under Government Orders at the next sitting of the House.

NATIONAL DEFENCE

DAMAGE CAUSED BY PLANES BREAKING SOUND BARRIER

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I have a question for the Minister of National Defence. I have not given him notice, but possibly he can check on the matter and give us an answer tomorrow.

Has the minister received complaints from western Nova Scotia with respect to damage being done by planes presumably based at an American base in Maine breaking the sound barrier, thereby doing considerable damage to residences and tremendous potential damage to all the mink farms in western Nova Scotia, where the mink pups will be born within the next two or three weeks and the mothers would prefer to eat them rather than have them die of an atomic bomb.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, if any complaints have been received they have not yet been brought to my notice, but I will certainly inquire into the matter and reply as soon as possible.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): May I put a supplementary question, Mr. Speaker?

Has the Minister of National Defence received any complaints from people of the Saguenay-Lake St. John area to the effect that Voodoos stationed in Bagotville have also broken the sound barrier around five thirty or six o'clock in the morning, causing some concern to the population of the Jonquière-Kénogami-Arvida area?

[*Text*]

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

CANADIAN CONSTITUTION

CONSIDERATION BY HOUSE COMMITTEE OF AMENDING FORMULA

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, in view of the widespread interest in the proposed amending formula with regard to the British North America Act, and in view of the fact that the various legislatures are now discussing its terms, I wonder whether the Prime Minister has given any further consideration to the recommendation of the hon. member for Greenwood that a parliamentary committee be set up at the earliest possible date to which this whole matter could be referred, so that members of parliament may have an opportunity to discuss it before it becomes a *fait accompli.*

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are giving consideration to this matter, but no decision has been reached yet as to the procedure that should be followed.

RIGHT OF PROVINCES TO WITHDRAW FROM CONFEDERATION

On the orders of the day:

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I would like to ask a question of the right hon. Prime Minister.

In view of everything we read in the newspapers and hear over television at present, would the right hon. Prime Minister tell us if, under the terms of the constitution, a Canadian province could, sometime or other, withdraw from confederation if it so desires?

In view of what we hear these days it is important to know if a province can withdraw tomorrow from confederation.

Can the right hon. Prime Minister tell us if a province has such a right?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, this is far too important a question to attempt to deal with on orders of the day. Our constitution speaks for itself in this matter.

HEALTH AND WELFARE

FEDERAL RESPONSIBILITY FOR INCREASED COST OF OUTPATIENT CARE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to direct a question to

the Minister of Finance arising out of the budget brought down in the Quebec legislature last week. There is an additional item of $13 million for the extension of outpatient care under the Quebec hospitalization plan. I wonder whether the existing agreement with the Federal Government takes care of this, or has a supplementary agreement been made with the Federal Government to pay a portion of this additional outpatient cost?

Hon. Walter L. Gordon (Minister of Finance): I will be glad to take the question as notice and look into the matter, Mr. Speaker.

[*Later:*]

Mr. Olson: I wish to direct a question to the Minister of Finance and ask him whether, when he is looking into the agreement between Quebec and the Federal Government with respect to the cost of outpatient care, he would also look up the agreement between the Federal Government and Alberta to find out whether the Federal Government will be sharing in the additional outpatient costs which I think were approved at the recent sitting of the Legislature.

Mr. Gordon: I am now beginning to understand the purport of the hon. Member's first question. I will look into both these points.

TORONTO—REFUSAL OF PATIENT TO LEAVE HOSPITAL

On the orders of the day:

Mr. Ralph Cowan (York-Humber): I should like to direct a question to the minister of health or to a representative of that Department, and inquire whether the Department will be taking any direct action to see that an appeal is entered in relation to an opinion expressed by the Ontario Supreme Court with respect to the patient at St. Joseph's Hospital, Toronto, who has refused to vacate his bed after being discharged by a body of doctors, thus imposing on Canadian taxpayers an unnecessary charge of $30.90 a day for the maintenance of this hospital patient.

Hon. A. J. MacEachen (Minister of Labour): In the absence of my colleague I will be glad to take that question as notice and bring it to her attention.

CORRESPONDENCE RESPECTING AGENDA OF DOMINION-PROVINCIAL CONFERENCE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister with respect to the proposed federal-provincial conference set for May, I believe, on the question of health services. Is the Prime Minister yet in a position to table the correspondence with the provincial governments concerning the agenda of that conference, which on Tuesday of last week he said he would be willing to table?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am not sure whether we have received the permission of all the Provinces to whom correspondence has been addressed, but as soon as we have I would be glad to table it, and I hope to do this very quickly.

INDUSTRY

ASSISTANCE TO WORKERS DISPLACED BY AUTOMOBILE AGREEMENT

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of Labour. Is the Minister now in a position to inform the House what plans are under way to re-establish those workers in the Canadian auto parts industry who are being and who will be dislocated by the new automobile agreement?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, on Friday last I had a meeting with representatives of the automobile manufacturers as the first stage in developing appropriate programs. Further discussions will be held by the officials of the Department of Labour and the Department of Industry with the automobile manufacturers. Beyond that I have no report to make to the hon. gentleman.

Mr. Reid Scott (Danforth): May I ask a supplementary question of the Minister of Labour. As a result of his conversation with the automobile manufacturers is he in a position to give the House the same assurance the Secretary of State for External Affairs gave the *Star* in Windsor, that there will be no layoffs as a result of this agreement?

Mr. MacEachen: The discussions with the automobile manufacturers on Friday last confirmed the statement already made that there will be a substantial increase in total employment and total jobs available in the industry as a result of this agreement. There will be dislocations, and the purpose of our discussion is to mitigate or minimize these dislocations where practicable and possible; that is the point of the exercise. However, it should be borne in mind that these adjustments will

take place within the context of expanding employment within this particular industry.

Mr. Scott: A further supplementary question, Mr. Speaker. In view of the widespread uncertainty as to the precise plans of the government in the area of dislocation, can the Minister tell the House when he will be in a position to make a firm statement of Government policy in this regard?

Mr. MacEachen: The purpose of the discussion, Mr. Speaker, is to isolate and pinpoint as accurately as possible the sources of dislocation. Until that is accomplished more accurately it would be impossible to develop plans such as my hon. friend suggests. This is one of the purposes of the further consultations. I think it is fair to say that it would be wrong to create apprehensions and fears at this stage about potential displacement.

SHIPPING

REQUEST FOR INVESTIGATION INTO SHIP COLLISIONS ON ST. LAWRENCE RIVER

On the orders of the day:

Mr. Gerald A. Regan (Halifax): I should like to direct a question to the Minister of Transport which arises out of the very serious ship collision on the St. Lawrence River over the week end, in which one ship burned and subsequently sank. Does the department plan an investigation into this collision and if so, in view of the number of serious collisions on the St. Lawrence in recent years, will the investigation also look into the question of whether the river is carrying more ship traffic than is warranted by its size?

Hon. J. W. Pickersgill (Minister of Transport): The usual investigation will be made.

Hon. A. J. MacLean (Queens): May I ask a supplementary question. Will the Minister say what action, if any, his department is taking to lessen the hazards of ship collisions in the St. Lawrence which, it would appear, are fairly great?

Mr. Pickersgill: I would be glad to look into the possibility of making a statement on the subject on some future occasion. It is not a matter I can answer on orders of the day.

[*Translation*]

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I should like to put a supplementary question to the Minister of Transport.

Inquiries of the Ministry

While conducting his investigation, could he check whether the pilots of the ships involved in the accident on the St. Lawrence river came from the maritime provinces?

[*Text*]

Mr. Pickersgill: That is a question I would have to look into at some length.

AGRICULTURE

BRITISH COLUMBIA—REQUEST FOR LONG TERM LOANS TO TREE FRUIT GROWERS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Parliamentary Secretary to the Minister of Agriculture in a hopeful vein. Does the Secretary know whether the Minister has received representations from the B.C. Fruit Growers' Association for an amendment to the Farm Credit Corporation Act or other legislation so that tree fruit growers may borrow long term low interest funds in order to renovate their orchards by cutting out trees of low market varieties or low volume root stocks in order to replace removed trees with varieties acceptable to the consuming public of high volume production?

Mr. Speaker: I am sure the hon. member will assist the Chair by putting this question on the order paper.

LABOUR CONDITIONS

LOUISBURG, N.S.—LAY-OFF OF WORKERS AT HISTORIC SITE

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for the Prime Minister as the result of a telegram I received a few minutes ago. It says:

> • (11:20 a.m.)
>
> Fifty eight employees to be laid off at Louisburg project April 20. Are these men to be the first prisoners in the war on poverty or are there plans to place them in other jobs?
>
> Executive The Fortress of Louisburg Employees Association.

Since the Prime Minister has at this late date personally become interested in poverty, would he be so kind as to investigate the contents of this telegram and report to the House?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I did not understand the preamble to this question, but the rest I shall be glad to look into.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

PREPARATION OF PAMPHLET ON CAPITAL PUNISHMENT

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I have a question I would like to address to the Minister of Justice but in his absence I shall address it to his Parliamentary Secretary. On Friday the Minister referred to an information sheet which his department is going to prepare with regard to capital punishment. I would like to ask him whether those of us who still have some respect for the moral law and believe in the retention of capital punishment will have an opportunity to look at the contents of this pamphlet before it is printed, so that both sides of the question can be presented fairly to the public.

Mr. Speaker: May I suggest this is a question for the order paper.

Mr. Cowan: Ten o'clock.

INQUIRY AS TO REPORT OF COMMITTEE ON JUVENILE DELINQUENCY

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): I have a question for the Minister of Justice. Perhaps in his absence the Parliamentary Secretary would have the information. It deals with the report of the Committee on Juvenile Delinquency and I am wondering when the report of that Committee can be expected.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): My understanding is that the report will be ready within a month or so.

ALBERTA—TRANSFER OF PRISONER TO B.C. INSTITUTION

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): My question is for the Minister of Justice, but perhaps in his absence the Parliamentary Secretary could take it as notice. A man by the name of Talbot was given eight years in the Prince Albert penitentiary for stealing at least $200,000 from the Alberta Cancer Association. It has now been reported that he has been removed from that penitentiary to a minimum security institution in British Columbia. I wonder whether the Parliamentary Secretary would give us a full report on the circumstances.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): I would be glad to take the question as notice.

[Mr. Pearson.]

CONSIDERATION OF EARNED REMISSION WITH RESPECT TO PAROLE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, in the absence of the Minister of Justice could I pose a question to his Parliamentary Secretary and in this way give notice of the question, because it may require reference to some files and documents. I base my question on a letter which I have just received, and it is necessary to quote two brief sentences from it in order to make my question intelligible. The letter relates to a former inmate of the British Columbia penitentiary, one Raymond Johnson, and according to the letter:

> In Johnson's case he was sentenced to ten years in 1957, was paroled in July, 1962, found that because of the new Penitentiary Act 468 days that he had earned under the old Act was added to his parole period, thus in effect he was having to serve this time over again. He claimed in the writ—

That is a writ of habeas corpus.

> —that earned remission under the old Act could not be considered statutory remission under the new Act. Johnson appeared before Mr. Justice Ruttan and was ordered released.

I am wondering, Mr. Speaker, what the Government or the Department is doing in respect to all other inmates who find themselves in a similar position, or all other ex-inmates who have been released on parole since that time.

Mr. Speaker: Surely this is a question for the order paper.

INDIAN AFFAIRS

REQUEST FOR INVESTIGATION OF CONDITIONS ON RESERVES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I was going to direct this question to the Minister of Citizenship and Immigration, in reference to Indians, but in his absence I would like to direct it to the Prime Minister.

Mr. Pickersgill: The minister is right here.

Mr. Woolliams: Oh, I am sorry; he is here. Would the Minister consider setting up a Royal Commission to examine the fact that Canadian Indians are living on reserves in a state of destitution, and the medical attention they are receiving is totally inadequate?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, I will certainly give the suggestion consideration. I

might say, however, that as the House knows we already contemplate the establishment of an Indian Claims Commission, and there is an interdepartmental committee already being set up to study part of the subject matter referred to in the hon. Member's question, but I will take his suggestion under advisement.

Mr. Woolliams: I think maybe I misunderstood the Minister, but surely he is not suggesting the Claims Commission will be the answer to the Indians' poverty and the inadequate medical attention they are receiving?

Mr. Nicholson: I am not suggesting any such thing. I am simply reminding the hon. Member that a bill to establish a Claims Commission for Indians is largely drafted, and that an interdepartmental committee has been set up to study many of the matters he has mentioned. In addition to that I said that I would take his suggestion under advisement.

Mr. Erik Nielsen (Yukon): Mr. Speaker, if I understood the Minister correctly he said the interdepartmental committee has now been established. If so, can he tell us its composition?

Mr. Nicholson: The names will be announced at an early date. I might say that five or six of the members have been appointed. I am not sure whether the chairman has been agreed upon, but this will be announced within the next day or so.

Mr. Frank Howard (Skeena): Could the Minister tell us how he is progressing in proposing or developing amendments to the Indian Act, based upon the recommendations of the joint Senate and House of Commons Committee on Indian Affairs which reported in 1961 and have since been lost sight of?

Mr. Nicholson: I will have to take that question as notice, Mr. Speaker.

AIR TRANSPORT

REQUEST FOR ANNOUNCEMENT OF REGIONAL POLICY

On the orders of the day:

Mr. Gene Rhéaume (Northwest Territories): Mr. Speaker, may I direct a question to the Minister of Transport. Now that Air Canada and Canadian Pacific Air Lines have achieved agreement on domestic fare structures, can the Minister advise the House when we may expect him to announce the regional air carrier policy for Canada?

Hon. J. W. Pickersgill (Minister of Transport): So far as the relationships between the two main line carriers and international carriers are concerned, I hope it will not be very long now.

NORTHERN AFFAIRS

ALASKA HIGHWAY—MOTION BY ALBERTA LEGISLATIVE ASSEMBLY

On the orders of the day:

Mr. Erik Nielsen (Yukon): I have a question for the Prime Minister, Mr. Speaker. Has there been any communication from the Government of the Province of Alberta to the Government of Canada with respect to a motion passed unanimously by the Legislative Assembly of Alberta on April 8, strongly urging the commencement of negotiations between the Government of Canada and the United States Government, with a view to early commencement on the paving of the Alaska Highway?

Right Hon. L. B. Pearson (Prime Minister): I will have to look into that, Mr. Speaker. I am not aware of any communication, but I will have to check.

CANADIAN BROADCASTING CORPORATION

VANCOUVER—POSSIBLE USE OF FORMER R.C.A.F. BASE

On the orders of the day:

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I have a question for the Secretary of State, but in his absence I will direct it to his Parliamentary Secretary. On Friday last the Secretary of State announced that a meeting would be held to determine the result of discussions with regard to Kitsilano R.C.A.F. station.

Mr. Winch: Don't forget who asked the question.

Mr. Basford: Can the Minister's Parliamentary Secretary tell me what conclusion was arrived at?

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): Mr. Speaker, at the risk of staying up late tonight, may I say that the answer is no.

Mr. Basford: I do not find that too informative, Mr. Speaker, and would like to debate the matter at ten o'clock.

Inquiries of the Ministry

IMMIGRATION

USE OF FORM 1000 BY CHINESE IMMIGRANTS

On the orders of the day:

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): On Friday last the hon. member for Pictou inquired about the use of Form 1000. In reply to the hon. Member's question, I said that this form had been used for some considerable time in connection with people of the Chinese race who were returning to Canada, and I added that its use had been done away with in connection with Chinese Canadians returning to this country after visits to China.

I should have stated that the use of the form would be continued for identification purposes for people of the Chinese race coming to Canada in the first instance. However, its use has been discontinued in respect of naturalized Canadians, or Canadians domiciled in this country, who return to Canada after a visit to China.

GRAIN

PEACE RIVER—REQUEST FOR ASSISTANCE RESPECTING DAMP WHEAT

On the orders of the day:

Mr. G. W. Baldwin (Peace River): I have a question for the Minister of Trade and Commerce. I regret I could not give him notice; I have just received some telegrams. Will the hon. gentleman consult with the Canadian Wheat Board to find out whether anything can be done to alleviate a serious situation which has developed in the Peace River country because, with the approach of spring, large quantities of damp wheat on the farms are rapidly deteriorating?

Hon. Mitchell Sharp (Minister of Trade and Commerce): I shall be happy to take up the question with the Canadian Wheat Board.

FINANCE

OPINION OF MINISTER ON LEVEL OF CANADIAN DOLLAR

On the orders of the day:

Mr. Robert Simpson (Churchill): I should like to direct a question to the Minister of Finance. In view of the fact that we have not had a report from the Minister for some time on the state of the Canadian dollar, can the House be advised whether he feels the Canadian dollar is being maintained at a desirable level?

[Mr. Basford.]

Hon. Walter L. Gordon (Minister of Finance): Yes, I do.

[*Later:*]

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I have a question for the Minister of Finance which is really supplementary to the question asked by the hon. Member for Churchill about keeping the dollar at a desirable level. I would ask the Minister of Finance whether he would now state that the pegged dollar at 92½ cents is a desirable level.

Mr. Gordon: Mr. Speaker, I seem to have difficulty in getting this thought across. I have said on several occasions, and I am perfectly prepared to repeat it now, that it is in the interests of the country to maintain the value of the dollar at its present level.

HOUSE OF COMMONS

CONSIDERATION OF BILL INCREASING QUORUM

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the Government's interest in the procedures of this House, and in particular in view of the Prime Minister's stated interest in improving respect for Parliament, I wonder whether the Government would consider either making Government time available for, or taking over, the Bill I introduced this morning calling for an increase in the quorum of the House of Commons.

Right Hon. L. B. Pearson (Prime Minister): I will be glad to give consideration to that matter but first, I think, I had better read the Bill.

INQUIRY AS TO REDUCTION OF VOTING AGE TO 18

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I want to ask the Prime Minister a question which is based on the Government's well known desire to honour its commitments. I am wondering when the Prime Minister will be honouring his commitment of last year to introduce legislation lowering the voting age to 18.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not recall any commitment to that effect, but I do recall a statement of approval on the part of Members on the Government side for a reduction to that age. The matter will certainly receive very serious

consideration, but it is not of immediate priority.

• (11:30 a.m.)

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I should like to ask a question which arises out of the answer given by the Prime Minister to the question from the hon. member for Winnipeg North Centre, in which the Prime Minister said he would first like to study the bill. Would the Prime Minister consider whether the bill makes provision for improving the attendance of N.D.P. members?

Some hon. Members: Oh, oh.

Mr. Harold E. Winch (Vancouver East): Perhaps the Prime Minister would also do something about the attendance of his own party members, as witness the number of members on that side present this morning.

Mr. Pearson: Yes, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. There seems to be a little too much agitation for a Monday morning.

BICULTURALISM AND BILINGUALISM

SURVEY OF MEMBERS OF PARLIAMENT BY ROYAL COMMISSION

On the orders of the day:

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, while I am on my feet may I refer to a question raised by the Leader of the Opposition and others last week in regard to the nature of a questionnaire which was sent to certain Members of Parliament by the Bilingualism and Biculturalism Commission seeking on a voluntary basis certain information from Members.

I agree that the Commission should naturally seek all relevant information on the bilingual and bicultural aspects of the work of our institutions, including Parliament. I agree that a Government should not tell a Royal Commission what it can do and how it should do it within its terms of reference. But so far as this particular questionnaire to Members of Parliament is concerned, if I were asked to answer it in its present form I would not, as I consider many of the questions irrelevant and some highly inappropriate.

Hon. Michael Starr (Ontario): A supplementary question to the Prime Minister. In view of his statement respecting this questionnaire by the B and B Commission, has the Prime Minister brought this matter to the attention of the B and B Commission and asked them to desist from proceeding any further with this?

Mr. Pearson: I have, Mr. Speaker. They have naturally been following this matter in the Commons Debates, and I have taken it up with the Minister who speaks for the Commission in the House. I have also been in touch with the Commission myself.

Mr. Nicholas Mandziuk (Marquette): Mr. Speaker, may I address a supplementary question to the Prime Minister. I am pleased to hear that he agrees with me and others that a lot of these questions are inappropriate, but would he tell us—and if he cannot would he find out—whether this inquisition will be continued with the rest of the members? Because so far, as I understand it, some 40 or 50 members have been canvassed.

Mr. Pearson: Mr. Speaker, I do not wish to interfere improperly with the business of a Royal Commission, but I would think, after reviewing what was said earlier this morning in the House of Commons, that the Royal Commission might wish to have another look at this questionnaire.

BRIDGES

JACQUES CARTIER BRIDGE—FEDERAL SHARE OF COST OF APPROACHES

On the orders of the day:

[*Translation*]

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I would like to ask a question of the Minister of Transport.

Could the minister tell the house if the federal government intends to defray the costs of necessary repairs to the roadway of the Jacques Cartier bridge which has become impassable; if so, when will such repairs be undertaken.

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am advised by the National Harbours Board that they are well aware of the need for certain repairs being made to the Jacques Cartier bridge. The matter is under active consideration, and the necessary steps will be taken very shortly.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Friday, April 9, consideration of the motion of Mr. Cashin for

an Address to His Excellency the Governor General in reply to his speech at the opening of the session.

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, first, I should like to congratulate the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the speech from the throne. They have performed their tasks singularly well; they praised the speech to high heaven. Both their speeches were magnificent examples of a torrent of words devoid of any ideas.

The speech from the throne we heard last Monday was merely the icing covering the budget cake to be served to us in a few days. What will the budget speech contain, we do not know as yet, but it will reflect the future policy of the country's financiers put forward by their go-between, I mean this government.

This speech is particularly noteworthy not for the solutions it brings but for the acknowledgements it contains.

Upon careful reading of this speech, I mean the speech from the throne, one wonders whether the Liberal party awakening from a bad dream is not telling us this bad dream is about the results of its policies which have lacked administrative foresight during the 33 years it has been in office in the last 45 years of the country's administration.

We have at least learned one thing from this speech from the throne: Poverty does exist in Canada. For the past 25 years the Créditistes have repeatedly pointed out that poverty existed in Canada and have succeeded at least in opening the eyes of the Liberals who finally have admitted and acknowledged that poverty does exist. After having been in office for 33 years out of the last 45 years of the country's administration, the Liberals have finally admitted that poverty does exist in Canada and that the Créditistes were right in speaking about poverty.

The worst off in all that are the poor themselves who had to live for those 33 years under a Liberal administration and who had to live and suffer from Liberal policies.

I should like to quote here a few lines from the speech from the throne in order to show how ridiculous it is:

> Our country is achieving a high rate of economic growth. Trade is expanding. With growing industrialization, Canadians are enjoying rapidly increasing employment opportunities; incomes and living standards are rising; the number of people out of work has been reduced to lower levels than for many years.

And immediately after this, we find that:

> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training, inequality, in opportunities for work.

The measures to correct that misery, as set forth in the speech from the throne, are yet unknown. But the adoption of "O Canada" as the national anthem is mentioned in order to enable all Canadians to sing officially their national anthem, including those who are in misery and poverty because of Liberal policies especially, and also of Conservative policies for that matter; indeed, at the rate debts, taxes and poverty are increasing at present it will soon be more accurate to sing: "O Canada, our home and taxing land".

In 1963, at the time of the last federal election, everyone remembers the dirty publicity campaign launched by the Liberal party against the Social Credit to the tune of at least $5,000 a day, in the newspaper *La Presse*. Those full page ads were headed:

> Social Credit means poverty.

But it is not the Social Crediters who have been in office in Ottawa since 1963 and yet one can read in the Liberal government's speech from the throne that there is poverty and want in Canada.

The poverty which is mentioned in the speech from the throne did not spring up overnight among the people. It results from the administration of the two old-line parties which have succeeded one another in office since confederation. Poverty is the offspring of past governments which, through their systems, sowed and today are reaping poverty and want. They have never had any policies to prevent hardship and poverty. On the contrary, they have always allowed hardship and poverty to grow worse from day to day.

What with taxes and debts, the two old-line parties do their utmost to drive people to poverty and keep them there. Every day and in every way, we are told that our country is tremendously rich in all sorts of things. That is true. So much so that we hardly know the real value of our natural and other resources. And yet, this same country, in spite of all its wealth, is forcing its own people to live in insecurity, sickness, poverty, unemployment, to such an extent that they need unemployment assistance, public welfare and charitable institutions. The people know what bankruptcy and poverty are.

We have a rich, an affluent country, due to our national resources and the labour of our people, but we have poor and indigent people because of the political and economic system of the old-line parties.

While Ottawa was considering waging war on poverty, the provincial budget made public last week in Quebec brought us a shower of new taxes, an increase in taxes which will increase the number of poor and poverty in the province of Quebec. Poverty in Ottawa and taxes in Quebec. Liberal in Ottawa, Liberal in Quebec. Grits in Ottawa, Grits in Quebec.

I would like to quote an article by Leslie Roberts published in the Montreal *Star*, Saturday, April 10, 1965, page 5:

• (11:40 a.m.)

[*Text*]

Between Ourselves

Dirty Word "Thrift"

What makes me dubious is the fact that as a people we have totally abandoned all notions of respectable frugality, all ideas of pay as you go, nowhere more than at the highest levels of government.

When Mr. Gordon, the Minister of Finance, tabled his estimates for the Federal Government's new fiscal year which began on April 1, his proposed spending figures for the period which will end on March 31, 1966, topped $8,000,000,000, with more to come later in what are called "supplementaries."

Assuming a population of 20,000,000 Canadians, what this means is that the federal authority alone plans to spend $400 for every man, woman and new-born babe in the country.

If you proceed from this point to regard five people as comprising the average Canadian family, you arrive at a figure of $2,000, representing what Mr. Gordon proposes to spend per household this year—and in most households I would guess the bite is carved out of one income.

This is just the federal tab. After that the province and your municipality still have to collect their share.

As Quebec has just budgeted for expenditures of approximately $2,000,000,000 and we are 5,000,000 Quebeckers that's another $400 per household of five.

Another fascinating item here is that of Mr. Gordon's eight billions, at least $1 in every eight he raises (whether in taxes or new borrowings) will go into what is politely called "servicing the national debt."

• (11:50 a.m.)

What this means, in the kind of language laymen use to communicate with each other, is that $1 in every eight Mr. Gordon acquires by taxes or new loans will be expended solely to pay interest on money we already owe. This is $1 billion for which the Canadian people will not get a damned thing in return—a steadily rising total which you may as well jot down on your reminder pad as the high cost of deficit financing.

[*Translation*]

This article criticizes the financial system which we have unceasingly denounced for more than 20 years. We are now subject to an inflationary system and it is because we have known this inflationary system that we of the Ralliement Creditiste move today an amendment in order to balance one aspect of our national economy, family allowances.

The Family Allowances Act was passed on August 15, 1944, more than 20 years ago, and the first benefits were paid under this act on July 1, 1945. This was an act for which the Government of the day had reason to be proud. It was the same party as the one which is in office now, the Liberal party. We are wondering if the present Government does not regret the enactment of that piece of legislation since it has let the purchasing power of family allowances fall to nothing or practically nothing. In fact, the cost of living has tripled since 1945. Everything has gone up and increased threefold and often more, such as the indemnities of members of parliament and of members of most provincial legislatures. Only family allowances have remained at the same level as in 1945, which means that they are only worth one third of their original value.

Whereas they permitted the purchase of a quart of milk for children, in 1945, they now permit the purchase of only one third of a quart. It is the same thing all along the line. Milk which sold for 10 cents a quart in 1945 now costs 25 cents.

In 1945 a 24-ounce loaf of bread sold for 10 cents while it now sells for 25 cents in 1965. Compare the cost of living in any area and you will realize that what cost 100 per cent in 1945 has gone up 300 per cent today.

In 1945 an hon. member's indemnity was $4,000 while it is now $12,000 in 1965. Hon. members' expense allowances were $2,000 in 1945, while they have gone up to $6,000 in 1965.

Family allowances have remained at the same level since 1945. When an employer cuts his employee's salary by half it is because he is not satisfied with his services and he would have no regret if he were to quit his job. Should we conclude the same thing in the case of family allowances whose value is reduced to one third of their initial value? And to think that the Liberals would prefer that such a legislation had never been passed.

I see government members vehemently denying those charges. Why, then, do they leave family allowances at the same level as in 1945? Why did they reject every year motions to raise family allowances in order to give them back their initial value? Every

session we of the Ralliement Creditiste made new attempts to have family allowances raised to put them in line with the cost of living index.

There is no electoral approach in this plea. We are only concerned with the welfare of families raising children. The party in office does not care for the welfare of families between general elections, but waits for the eve of new elections to give a thought to family allowances. Why wait until the next election to think about children and families? Thereby, the Liberal party proves once more that its hunger for power is stronger than its concern for the well-being of this country.

The government knows where to find young people when it launches a military crusade, but it cares a lot less about the families where are born and will grow those who will be 20 a few years from now.

The amount paid as family allowances should be tripled to meet family needs and to counterbalance cost of living increases since 1945. By so doing, families could buy three times more products than they can now afford. Stores have a surplus of products, industry is always ready to produce more, farmers find it difficult to sell their products. They are all waiting for orders from the families who need this production.

If the government has compromised itself with financiers who control it, if it cannot make capital serve production by taking money from the Bank of Canada in order to satisfy production and if, out of respect for financiers who had it elected, the government has to resort to taxation, well, it should dip into the national defence budget, into the armaments budget, in order to increase family allowances.

Therefore, I move, seconded by the hon. member for Compton-Frontenac (Mr. Latulippe):

That the following words be added to the address:

We respectfully regret that Your Excellency's advisers have failed to propose legislation to adjust the family allowances according to the rise of the cost of living index since 1945, and no longer enjoy the confidence of the house and the Canadian people.

[*Text*]

Mr. Speaker: I have had an opportunity of reading the proposed amendment and I should like to hear from one or two Members if they would care to speak on the point of whether or not it is in order. I would call the attention of hon. Members to Beauchesne, citation 200, subsection 1, which reads in part as follows:

An old rule of Parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the House."

While it is true that the amendment proposed by hon. members of the Social Credit party covered a great many other items, this amendment would appear at first sight to be a subsection or a part of their original amendment which was subsequently negatived. However, if any hon. members have anything to say I will be glad to listen.

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, I should like to draw your attention to the language that was used in the subamendment proposed by the hon. member for Quebec-Montmorency, which reads in part as follows:

...having thereby failed to raise family allowances in keeping with the cost of living...

That was part of his amendment and one of his reasons for asserting lack of confidence in the Government. That amendment was voted on last Friday. The amendment now offered attacks the Government and proposes want of confidence in that the Government has failed to propose legislation to adjust family allowances according to the rise of the index of the cost of living. In other words the two motions are identical in that respect. They both invite the Members to show lack of confidence in the Government because the Government has failed to raise family allowances. This is the allegation in the two of them. It is true that the subamendment on Friday added other things, but on this point they are identical. The amendment merely takes part of the subamendment that was offered on Friday, and which was rejected by the House, and brings it forward again. I therefore ask that you rule the amendment out of order.

[*Translation*]

Mr. Speaker: Do other members wish to take part in this debate?

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, citation 200 of Beauchesne's Parliamentary Rules And Forms states:

An old rule of parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the house".

The beginning of that citation reads as follows:

That a question being once made and carried—

On the other hand, the amendment to the amendment moved by the hon. member for Quebec-Montmorency (Mr. Marcoux) reads as follows:

—having failed to carry out an economic and financial program such as would have been possible through the facilities of the Bank of Canada—

That is the question submitted to the approbation of the house. I continue:

—having thereby failed to raise family allowances in keeping with the cost of living—

That is a second question in the same subamendment; I continue the quotation:

—and been unsuccessful in establishing a balanced economy and in lightening the burden of the public debt and the interests thereon—

That is a third question in the same subamendment, which continues as follows:

—so as to provide every Canadian with a standard of living consistent with the value of this country's natural resources; not having considered it advisable to invest a huge amount of debt free social capital through the Bank of Canada—

That is a fourth question in the same subamendment which goes on as follows:

—with a view to financing the training of an adequate staff to deal with medical and hospital care, do not enjoy the confidence of this house.

Thus, the subamendment included five different questions.

It is recognized that such a subamendment should normally have been found out of order, but it was not.

As the said subamendment included five different questions, it might have occurred during the vote that certain members would have been in favour of one of the five proposals contained in the subamendment, but opposed to the others. Furthermore, some hon. members could have been for the second proposal and against the fourth and thus they would have voted against it in the house.

Now, Mr. Speaker, one of Beauchesne's citations states that when an amendment is incomplete, and I am trying to find it—

Some hon. Members: Question.

Mr. Grégoire: In any case, Mr. Speaker, the citation I am trying to find specifies that when an amendment is not clear enough to permit the house to vote on each proposal, then it can be amended.

That is exactly what has happened in the case of the subamendment presented by the hon. member for Quebec-Montmorency which contained five completely different questions.

This means, therefore, that hon. members who intended to vote for increasing family allowances based on the cost of living index but who, for instance, did not want to vote for using the potentialities of the Bank of Canada or for the investment of large debt-free social capital through the Bank of Canada, did not really have any opportunity, as a matter of fact, to vote for increasing family allowances because they had to vote, at the same time, for using credit through the Bank of Canada. I think that would have been unfair to hon. members as a whole and that is why I maintain that the house has not yet been called upon to vote on the specific matter of increasing family allowances. In fact, the house was called upon to vote, not on the first question, but on a series of measures one of which could have been accepted by some and rejected by others.

That is why I say that citation 200 of Beauchesne which reads as follows:

A question being once made and carried—

—does not apply in this case, because the subamendment of the hon. member for Quebec-Montmorency contains five different proposals. Consequently, it is not each individual proposal which has been carried but the five of them as a whole, and this was done by a subamendment to another motion, the one dealing with the scandals within the government.

For all those reasons, Mr. Speaker, and precisely because the house has been called upon to decide on a group of questions and not on a specific question, I submit that the house has not voted on the issue dealt with in the amendment which has just been moved. Under the circumstances, I feel that the amendment is out of order.

[*Text*]

Mr. Speaker: I have to decide whether or not the proposed amendment is in order. Let me say at the beginning that an amendment is not necessarily out of order because it may be vague or even complex. However, the Chair has to be bound by tradition and the rules of the House. May I read this citation once more, the first paragraph:

An old rule of Parliament reads: "That a question being once made and carried in the affirmative or negative, cannot be questioned again but must stand as the judgment of the House."

The next sentence gives the justification for such a rule:

Unless such a rule were in existence, the time of the House might be used in the discussion of motions of the same nature and contradictory decisions would be sometimes arrived at in the course of the same session.

Division

I must come to the conclusion that in my judgment this amendment deals with the same matter that has already been decided by the house and, therefore, I regret that I cannot accept the amendment as proposed.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, with all due respect, I think that we must appeal against your ruling, because the amendment we have moved is strictly in order.

So, I ask that your ruling be put to the house.

[*Text*]

Mr. Speaker: The House has heard the decision of the Chair, from which the hon. Member for Villeneuve has appealed to the House. All those in favour of sustaining the decision of the Chair will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five members having risen:

Mr. Speaker: Call in the members.

And the members having been called in:

Mr. Speaker put the question as follows:

The question is an appeal to the House from a ruling of the Chair which is as follows:

To the motion for an Address in Reply to His Excellency's Speech from the Throne, the hon. Member for Shefford proposed in amendment thereto the following:

"That the following be added to the Address:

Some hon. Members: Dispense.

Mr. Speaker: Shall I dispense?

Mr. Grégoire: No.

Mr. Speaker:

"We respectfully regret that Your Excellency's advisers have failed to propose legislation to adjust the family allowances according to the rise of the index of the cost of living since 1945, and no longer enjoy the confidence of the House and the Canadian people."

The Chair ruled the proposed amendment out of order on the ground that in effect the substance and essence thereof was a question on which the House expressed a judgment on Friday, April 9 last during the course of the current debate.

Whereupon the hon. Member for Villeneuve appealed to the House from the decision of the Chair.

• (12:20 p.m.)

The house divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Armstrong	Lessard (St. Henry)
Badanai	Loney
Balcer	Macaluso
Basford	Macdonald
Batten	MacEachen
Benidickson	MacEwan
Bigg	MacInnis
Cadieu (Meadow Lake)	Mackasey
Cadieux (Terrebonne)	MacLean (Queens)
Cardiff	MacNaught
Cardin	MacRae
Carter	McIlraith
Cashin	McIntosh
Chatterton	Mandziuk
Churchill	Martineau
Clancy	Matte
Coates	Morison
Côté (Longueuil)	Muir (Cape Breton
Cowan	North and Victoria)
Crossman	Muir (Lisgar)
Crouse	Mullally
Danforth	Nasserden
Deachman	Nesbitt
Douglas	Nicholson
Dubé	Nielsen
Enns	Nixon
Fairweather	Nowlan
Fane	Olson
Flemming (Victoria-	Pascoe
Carleton)	Patterson
Forbes	Pennell
Francis	Pickersgill
Gelber	Pilon
Grafftey	Pugh
Granger	Rapp
Gray	Regan
Gundlock	Rhéaume
Habel	Richard
Hahn	Rideout, Mrs.
Haidasz	Rinfret
Hamilton	Robichaud
Herridge	Roxburgh
Horner (Acadia)	Simpson
Horner (The Battlefords)	Southam
Jorgenson	Starr
Kennedy	Stefanson
Kindt	Stewart
Klein	Tardif
Knowles	Tucker
Konantz, Mrs.	Walker
Korchinski	Watson (Assiniboia)
Lambert	Webb
Lamontagne	Webster
Laverdière	Winch
Leboe	Winkler
Legault	Woolliams—110.

NAYS

Messrs:

Brewin	Martin (Timmins)
Caouette	Mather
Dionne	Perron
Gauthier	Plourde
Grégoire	Prittie
Howard	Rondeau
Latulippe	Scott—14.

[*Translation*]

Mr. Speaker: I declare the ruling sustained.

[*Text*]

Mr. Joseph Macaluso (Hamilton West): It is indeed an honour for me to take part in this debate. I too would like to join with my colleagues in all parts of this House in congratulating the Mover and the Seconder of the Address in Reply to the Speech from the Throne. I am more than proud to belong to a group in this House which includes such energetic and aggressive members.

I do not intend to spend very much time on the contents of the Speech from the Throne. At the outset, however, I wish to put on record some comments which appeared in an editorial published on April 6 in the Toronto *Star*, since these comments express my own views.

> The Speech from the Throne which opened the new session at Ottawa yesterday may fairly be called an historic document. It outlined what is probably the largest, boldest and most sweeping program ever submitted to a Canadian Parliament.

Then it goes on:

> This Speech from the Throne remains a tremendous challenge to Canada. It is nothing less than a call to bring the economic and social forces which dominate, and sometimes wreck, the lives of Canadians under public control.

I compliment the Government on the contents of this Speech from the Throne which is so challenging, so ambitious and so visionary, if I may use that word. However, I feel there has not for many years been a debate in this house on a most important topic. I refer, of course, to the subject of the St. Lawrence waterway upon which a debate took place in 1951.

That debate was probably one of the most important which has ever taken place in this House. I certainly wish to make some comments on the present Seaway because of the contribution it has made to the economic life of this country, to job opportunities and to the industrial development of Canada.

The St. Lawrence Seaway has been described as the world's greatest engineering project. Its most remarkable feature is the Welland ship canal, a navigational facility unequalled anywhere in the world. It was designed, constructed and paid for solely by the Canadian people at a time when Canada had yet to achieve the proud place it occupies in the world today.

The first Welland ship canal was constructed in 1829 in the face of incredible difficulties, physical, financial and political. It was the opening of the present canal which did so much to ensure the progress and prosperity which Canadians have since enjoyed. We should never forget, however, that the first canal was opened only after a long and bitter struggle, and that all subsequent improvements were brought about by courageous and determined men who fought deeply entrenched opposing interests.

In 1932, the Welland ship canal was deepened to 25 feet, giving impetus to the growth of industrial development throughout a large area. As a result of this demonstration of what a canal 25 feet deep could do, it was further deepened to 27 feet. This work was completed in 1959.

The canal is the most crucial part of the St. Lawrence Seaway. In 1964 the cargo throughput was 51.4 million net tons. This was nearly double the tonnage handled in 1958 before the Seaway was completed. Despite the fact that the Seaway operates only eight months of the year the project has encountered opposition from those who have always feared and resented its existence. In 1959 the Seaway from Montreal to Lake Ontario handled 20.4 million net tons of cargo, and in 1964 this figure rose to 39.3 million net tons, an increase of more than 92 per cent. I submit this explains the vociferous opposition which the Seaway has engendered since its inception.

• (12:30 p.m.)

A great part of this cargo tonnage is being attracted away from the United States Atlantic coast ports. Last year it is interesting to note that the United States North Atlantic Ports Association, which represents 13 port districts, told a United States Senate subcommittee:

> The greatest share of traffic that today moves via the Seaway once moved via the ports along the seaboard. Without doubt those who have suffered the greatest loss as a result of the Seaway have been the North Atlantic ports.

In January, 1965 the Association of American Railroads issued a statement which, in part, had this to say:

> Prudent judgment would indicate that there is no alternative except to raise Seaway tolls to a more realistic level. Our interest in this subject is stimulated by the Seaway competition with railroads.

Also in May of 1964, Mr. Speaker, the National Association for a Non-Subsidized Seaway, with headquarters in Baltimore, Maryland, and which represents United States Atlantic, Gulf and west coast ports, issued a statement before the same Senate sub-

committee; and its chairman, a Democratic Congressman from Maryland, characterized the Seaway at that time as, and I quote, "a monstrosity". He said:

> We hope this Senate subcommittee will recognize that the good of the Seaway, the good of the nation, and indeed of expanding world trade will best be served by raising tolls on the Seaway.

In my opinion, Mr. Speaker, this is an absurd statement and in the interests of the continued good relations between Canada and the United States I will not comment further on this very extraordinary statement.

Canadian railway and truck operators have benefited from the heavy flow of traffic along the St. Lawrence Seaway, and it is important to bear in mind that every pound of the 39.3 million net tons of cargo which transited the Seaway from Montreal to Lake Ontario in 1964 was transported at one step or another by rail or truck in Canada. So much so, Mr. Speaker, that in 1964 Mr. N. R. Crump, the chairman and chief executive officer of Canadian Pacific Railway, said that the movement of bulk cargoes in export have been a factor in the favourable showing made by railroads in 1964. There is a reflection of that movement found in the fact that in 1964 tonnage of Canadian steel consumed by Canadian builders of railway cars and locomotives increased by 135 per cent over 1963.

One of the principal reasons for the construction of the Seaway, which was put forward back in 1951, was to facilitate the movement of Canadian forest products, iron ore and coal from the lower St. Lawrence and Nova Scotia to ports on the Great Lakes, and of Canadian wheat to overseas ports. The St. Lawrence River ports in 1964 handled for export 270 million bushels of Canadian grain. It is obvious that without the St. Lawrence Seaway it would have been quite impossible to commit ourselves to supply such enormous tonnages of wheat to Russia and to other iron curtain countries. Iron ore from the lower St. Lawrence destined for United States Great Lakes ports furnished the greatest tonnage of any commodity transiting the Seaway.

Therefore in my view, and in the view of many others, the Seaway has provided an increase in traffic for Canadian ports, for Canadian railroads and Canadian road haulers; and has also performed a most notable economic, political and social service to the whole of Canada by making it possible to create a whole new civilization in the lower St. Lawrence valley. This in turn involved millions of dollars of Canadian investment, created new and substantial markets, continuing and growing markets, for Canadian products and manufactured foodstuffs.

[Mr. Macaluso.]

In my view, Mr. Speaker, more important than this today, about 85 per cent of the bulk cargo transiting the Seaway and the Welland ship canal is carried in Canadian vessels. This is most interesting, because one of the most important reasons put forward in 1951 for the imposition of tolls on the St. Lawrence Seaway was that United States vessels would provide the bulk of the revenue. But this is not the case. The movement of Canadian raw materials through the St. Lawrence has stimulated Canadian shipbuilding industries in Ontario, Quebec and New Brunswick, and this has been a direct result of the construction of the Seaway.

I should like to refer to the book "The St. Lawrence Seaway" written by Hon. Lionel Chevrier, the present Canadian High Commissioner to Great Britain, which was published in 1959. In discussing the matter of tolls Mr. Chevrier had this to say, as recorded at page 114 of his book:

> The question of tolls was often used as a political and economic argument to make the Seaway impossible. The powerful interests in the U.S., when they could no longer stop the construction of the Seaway, tried to get the tolls pinned at hopelessly high rates, high enough to scare all shipping away from the Seaway.

At that time Senator Wiley was piloting the bill through the U.S. Senate, and Mr. Chevrier says:

> Wiley emphasized that the U.S. must have a voice in setting tolls. She must be able to watch for the possibility of reducing tolls when possible...
>
> The U.S. could not permit Canada to dominate the Seaway. For the same reason she was loath to see Canada planning duplicate facilities during construction of the joint venture.

As I have said, Mr. Speaker, the revenue from tolls is not coming from United States vessels but from Canadian vessels. Canada reluctantly accepted, under duress, the principle of trying to make the Seaway self-liquidating through tolls within 50 years, a hitherto unheard of provision in the history of North American navigation, both coastal and inland. When the Government announced last year the twinning of the remaining locks in the Welland ship canal at a cost in excess of $180 million, it also announced its continued adherence to the unique and highly discriminatory principle of trying to recover capital costs of this public work through tolls.

Presently, Mr. Speaker, tolls on the Welland ship canal are suspended, if I may quote the Minister, "for the time being". The tolls on the St. Lawrence Seaway from Montreal to Lake Ontario are frozen at their 1959 level

until July 1, 1966. Therefore I bring this matter to the attention of the house at the earliest opportunity.

We might ask ourselves, what is the burden of tolls? The largest type of Canadian bulk carrier, fully loaded with Canadian iron ore or Canadian coal upbound from the lower St. Lawrence, or loaded with Canadian grain downbound from the Lakehead, pays $12,400 each time it transits the Seaway between Montreal and Lake Ontario, and vice-versa. The length of the Seaway is approximately 124 miles. I regret to hear the junior Member for Halifax (Mr. Regan) applauding, Mr. Speaker. This amounts to a toll of $100 per mile.

Out of every $100 collected from tolls, $29 is paid to the United States in U.S. funds. These funds are coming from Canadian vessels. To my mind this is a humiliating position for a country which built and operated an all-Canadian Seaway from Montreal to Lake Erie on a virtually toll free basis for 111 years. Our main interest as Canadians, Mr. Speaker, should be to bring about abolition of all tolls on Canadian inland waterways in accordance with the long-standing Canadian policy of toll free navigational facilities, which has served us so well in the past. The continued existence of tolls on what was once an all-Canadian and virtually toll free Seaway constitutes a dangerous precedent for the extension of the principle of trying to recover the capital costs of other vital water transportation facilities, both coastal and inland, in this fashion.

• (12:40 p.m.)

Thus it is my sincere belief that Canada should restore the St. Lawrence Seaway from Montreal to Lake Erie to its all-Canadian character by constructing a lock at Cornwall, Ontario, and revert to our historical policy of toll free inland waterways which still applies to our coastal waterways. We face a battle to prevent the usefulness of the whole St. Lawrence waterway from being curtailed by the actions of those who have always been opposed to its existence and who now have greater reason than ever to fear and resent its success.

It is interesting to note that the Seaway opened this year on April 8, and I should like to quote from an article which appeared in the Ottawa *Journal* on that date, as follows:

> The St. Lawrence Seaway opens today for its seventh and probably most profitable season—

I suggest that we have a hard battle to fight against very powerful and persistent enemies both in the United States and at home. This was described in Mr. Chevrier's book. I regret that the hon. Members for Vancouver-Burrard (Mr. Basford) and Halifax (Mr. Regan) take such a regionalistic outlook to this very important problem.

Major opposition to a toll free Seaway from Montreal to Lake Ontario has been based on the premise that exemption from tolls is equivalent to a subsidy. Let me name some of these very revealing titles. The National Association for Non-Subsidized Seaways; the Maryland Committee for Non-Subsidized Seaways; the New York-New Jersey Committee for a Self-Supporting Seaway; the United States North Atlantic, Gulf and Caribbean ports, as well as the Association of American Railroads, all are long-standing opponents of the Seaway.

Yet strangely none of the above mentioned bodies, or other opponents of the Seaway, are on record as being opposed to the maintenance at public expense, on a toll free basis, of channels capable of accommodating deep sea ships in such United States rivers as the Hudson to Albany, New York; the Delaware to Trenton, New Jersey; the Mississippi to Baton Rouge, Louisiana; the Columbia to Dalles, Oregon; and the Sacramento to Sacramento, California. None of those rivers is of such importance to the economy of the United States as the St. Lawrence is to that of Canada, yet in all of North America only the St. Lawrence from Montreal to Lake Ontario is subject to tolls.

In the light of our dependence upon exports for the level of our over-all business activity it is difficult to understand why this discrimination should be tolerated by Canadians. The St. Lawrence Seaway not only provides access to overseas markets for Canadian grain and other natural products, and for a growing export of manufactured goods, but also provides access to the extensive and growing United States markets in the Great Lakes area for forest and mineral products from Quebec and the Maritimes. This means that the Seaway makes a very vital contribution to the solution of our vexing balance of payments problem.

Many, many ports in the U.S. are now proceeding with channel and harbour deepening and placing themselves in a position to handle ships of a size quite beyond any currently contemplated capacity of the St. Lawrence Seaway, all of which are, and will remain, toll free. The efforts of U.S. North Atlantic ports to meet Seaway as well

as other forms of competition at public expense on a toll free basis should be of real concern to we Canadians whose interest in our inland waterways is vital.

We must remember that the United States really showed surprisingly little interest in the navigation of the St. Lawrence River during all the years when Canadians were striving for ever greater improvement of their own transportation facilities on that water highway. It was, of course, very natural for Canadians to press for the construction of a seaway in the face of United States indifference of obstruction, because the St. Lawrence waterway gives us our principal access to the Great Lakes. Without such access Canada would not have become the dynamic, prosperous and progressive country which it is today.

Mr. Speaker, the ignorance which has existed and which in large measure unfortunately still exists as to the economic and social significance of the Seaway and the Welland ship canal is really deplorable. This ignorance is more remarkable in that Canada has spent many hundreds of millions of our hard earned dollars on aids to navigation, dredging, canal building and harbour construction. Therefore there is still far too little realization on the part of Canadians generally as to the vital importance of the Seaway and the Welland ship canal to the future progress and continued prosperity of this country.

This perhaps explains one of the difficulties we face in fighting the battle against tolls on inland waterways. While we search desperately for a Canadian national identity, we persist in ignoring the Biblical advice "by their fruits shall ye know them"; and judging by the fruits of Canadians we are really a great people, despite our relatively small numbers. In almost any other country but Canada the whole St. Lawrence waterway would be a source of such immense national pride as to make its future absolutely secure from inimical action from any quarter.

The present Welland ship canal was completed in 1932, and it is still, in almost every particular, the most outstanding man made water transport facility in the world. Certainly none other performs a more outstanding service for any national economy, and none approaches its spectacular feat of lifting 700-foot ships, weighing with their cargoes up to 45,000 tons, 326 feet up an escarpment, the difference in height between Lake Ontario and Lake Erie. The Welland ship canal is unquestionably one of the greatest existing tributes to Canadian ability, Canadian courage and Canadian vision. It would probably be easier to bring home to Canadians the contributions the Seaway and the Welland ship canal have made and are capable of making to our present prosperity and future progress if they both had been the subject of less criticism by those with a vested interest in other forms of transportation.

This brings to mind the brief submitted to the Government by the National Legislative Committee of the International Railway Brotherhoods of March 11, 1965. I should like to quote from page 6 of that brief as follows:

> It is the opinion of this Committee that the best interests of the people of Canada will be served if Seaway tolls are brought to a level that will meet current operating costs and the financial obligations contemplated in the Seaway Act. Thus the St. Lawrence Seaway will find its proper place in the over-all transportation system through competitive operation and not by way of subsidization.
>
> The Government of Canada should oppose any scheme designed to lower present inadequate Seaway tolls or extend the 50 year amortization period predicated by the Seaway Act.

I have only one statement in respect of that brief and that is that in my opinion it is absurd. I regret that the Minister of Transport at the time the brief was submitted seemed to indicate that he might be in agreement with the submission. I certainly want to bring this situation to the attention of the Minister at this time, and I hope I can change his point of view.

Those who have been persistently and vociferously opposed to the development and use of the St. Lawrence and our other inland waterways and who seek to limit their use do, it seems to me, take a very shortsighted attitude. In the final analysis all our forms of transportation depend for their own progress and prosperity upon the progress and prosperity of the whole Canadian economy. Most of the bulk cargoes handled through our inland waterways are carried at some point, very often for considerable distances, by rail or other forms of transportation. Canadian manufactured products, even those destined for ultimate shipment to overseas markets, are very largely transported by rail or truck. Therefore it seems to me there is very considerable identity of interest between all forms of transportation in this country.

History has already amply demonstrated that our inland waterways are a priceless asset to the Canadian economy and, as such, have played a great part in our industrial

and social progress. Why then should inland transportation, which makes such a valuable addition to national employment and national wealth be discriminated against in this fashion? Why not revert to our traditional policy of toll free inland waterways?

• (12:50 p.m.)

A very considerable tonnage of Canadian iron ore already finds its way to United States Atlantic ports from the lower St. Lawrence in ships far too large to transit either the St. Lawrence Seaway or the Welland ship canal. Those large vessels and their cargoes contribute no revenues—I repeat, Mr. Speaker, no revenues—to any part of the Seaway. If such off-shore traffic increases at the expense of Seaway bulk traffic throughput, then trying to recover the capital costs of the Seaway and Welland ship canal through tolls is bound to create more and more difficulties for those who must rely upon our inland waterways for their fuel and raw materials. These large U.S. carriers are able to take iron ore and other bulk materials to ports all over the world and deliver them to plants whose finished products compete with those produced by Canadian industries dependant upon much smaller carriers which are capable of using the Seaway and the Welland ship canal.

In the light of these developments and others that are likely to take place, the Government should seriously consider whether we should bring the Welland ship canal locks up to the standard of the new United States locks now being constructed, at federal expense, at the Sault, Michigan. It would seem to me to be somewhat shortsighted to build twin locks in the Welland ship canal now only to the dimensions of those already existing. It is clear that this will not exactly help to cope with the problem in the future. In fact it is estimated by the experts that even with the twinning of these locks they will be saturated within a few years after completion. It cannot be too often emphasized and brought home to the people of Canada that if the existing level of tolls on the St. Lawrence Seaway is raised, the whole future of our Seaway is likely to be placed in serious jeopardy.

In September, 1957 the Mayor of Milwaukee wrote a letter to the United States St. Lawrence Seaway Development Corporation in which he expressed the belief that the objective of the National Committee for a Non-Subsidized Seaway was, to quote him, "to set the tolls so high that the Seaway will probably not be used at all". We in Canada, Mr. Speaker, are not the only ones fighting the battle against tolls. There are many interests in the United States which are also doing so, but it must be agreed that the opponents of the Seaway are very powerful interests who command a lot of votes in the United States.

Closer to home, the Steel Company of Canada and Dominion Foundries and Steel, who are situated in the city of Hamilton, and some U.S. steel interests have hundreds of millions of dollars invested in the Wabush mines in Newfoundland and in its harbour works and railway lines and the pelletizing plant at Pointe Noir, Quebec. These projects have contributed substantially to employment and to the growth and prosperity of the lower St. Lawrence valley and Newfoundland. These great developments, especially Wabush mines, were set in motion in 1956, and were predicated upon the assumption that the St. Lawrence Seaway would continuously provide low cost water transportation to our Great Lakes area. Low cost water transportation, Mr. Speaker, is vital and essential to these steel complexes.

Back in 1951 the Canadian Government agreed to bow to the wishes of what Hon. Lionel Chevrier described as "tremendously powerful United States business interests" and agreed to make the Seaway self-liquidating within 50 years through tolls. This was a unique departure from our traditional policy of paying for public works out of the consolidated revenue fund, but our government to do so was the price that Canada was asked to pay for United States collaboration in the construction of the Seaway. The large and wealthy United States, Mr. Speaker, only constructed two of the seven Seaway locks and a short canal to connect them at a cost of less than $132 million. This was the same as the cost to Canada of building the Welland ship canal between 1913 and 1932, when our wealth and population were far lower than today. The over-all cost to Canada with regard to the present Seaway was about $500 million.

I think we made a very bad bargain when we bowed to United States pressure. I believe we should have gone ahead alone. At that time the House supported unanimously a resolution to go ahead with the Seaway, and it is recorded in Mr. Chevrier's book on the Seaway that there was great disappointment when the United States finally decided to go into the construction of the navigational end of the Seaway. The House was unanimous

because it was stated that "everybody in the House recognized that if it were beneficial to the whole nation it would ultimately be beneficial to the separate parts of Canada."

It is because I believe that Seaway tolls are against the public interest of Canada that I make no secret of my belief that they should be abolished, and Canada should build an all-Canadian seaway. I think it was visionary at that time that the Canadian Government did build the abutments at Cornwall to provide for this being done, although this was opposed at that time by the United States interests. I realize only too well that the abolition of tolls is not an easy objective to achieve, and it will only be achieved if Canadians can be made to realize the importance of the Seaway to our national economic prosperity and social progress.

The continued existence of tolls on the St. Lawrence Seaway is an invitation for the imposition of similar charges on the Welland ship canal, the Sault locks and the river channels connecting Lakes Superior, Huron, Michigan and Erie. Some eight or nine years ago the Hoover Commission in the United States recommended such user charges on all such facilities in the United States, and President Johnson in his budget message to Congress in January, 1965 recommended the imposition of such tolls on United States inland waterways. Imagine if you can what the situation would be if tolls had to be paid for the use of inland waterway facilities on all grain shipped from the Lakehead to markets in Europe, and on all iron ore cargoes upbound from the lower St. Lawrence. Tolls are a hindrance to export trade and I wish to say—

The Acting Speaker (Mr. Côté, Longueuil): I am sorry to interrupt the hon. Member.

Mr. Macaluso: I am just coming to my last sentence, and perhaps I might have the indulgence of the House.

The Acting Speaker (Mr. Côté, Longueuil): Does the hon. Member have the indulgence of the House?

Mr. Churchill: Mr. Speaker, I would be very pleased to grant the hon. Member the right to continue, although it was not granted to me the other day.

Mr. Macaluso: I would be glad to grant it to the hon. Member when he wishes to speak. Mr. Speaker, if a tolled Seaway has been able to accomplish so much for Canada, think what an untolled all-Canadian seaway might do for us in the future. I thank hon. Members for allowing me additional time.

[Mr. Macaluso.]

Mr. Nielsen: May I call it one o'clock, Mr. Speaker?

The Acting Speaker (Mr. Côté, Longueuil): Shall we call it one o'clock?

Some hon. Members: Agreed.

At one o'clock the House took recess.

AFTER RECESS

The House resumed at 2.30 p.m.

Mr. Deputy Speaker: I understand that when we interrupted proceedings at one o'clock the hon. Member for Yukon (Mr. Nielsen) had the floor. However, the President of the Privy Council is seeking permission to interrupt this speech. Is this agreed to by the hon. Member for Yukon?

Mr. Nielsen: He did not receive permission from me, but I will agree, Mr. Speaker.

BUSINESS OF THE HOUSE

ANNOUNCEMENT OF BUSINESS TO BE CONCLUDED BEFORE EASTER RECESS

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, after consultation with the House Leaders of the other parties, a consensus was reached whereby the House would continue to sit during the dinner hour tonight; it would sit continuously tomorrow after it convened at eleven o'clock, until the completion of the Address in Reply tomorrow night. When the vote is taken on the Address in Reply tomorrow night, that will be the conclusion of the proceedings.

The Government undertook that it would not introduce any other legislation except two items on today's order paper, Government Notices of Motion Nos. 5 and 6, which merely give legislative effect to those items in the supplementary estimates which had to do with the civil service and mounted police pensions and the extension of the date for rebates under a tax act. No legislation, other than those two items, will be presented.

On the adjournment of the House tomorrow night the Government would move it stand adjourned until Monday, April 26, at 2.30 p.m.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I should like to say that it is essentially because of the humanitarian nature of this group, its feeling for the members of the staff, the ladies and gentlemen of the

press gallery and others who inhabit those precincts, that we are quite willing to agree to this arrangement.

Mr. Deputy Speaker: Is there unanimous agreement?

Some hon. Members: Agreed.

Mr. Deputy Speaker: Then it is so ordered by the House.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The house resumed consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. Erik Nielsen (Yukon): Mr. Speaker, as is the custom in this House, my first words must be words of congratulation to the mover and seconder of the Address in Reply to the Speech from the Throne. The hon. Member for St. John's West and the hon. Member for St. Maurice-Laflèche did a noble job with the very sketchy material with which they had to work.

The Speech from the Throne, Mr. Speaker, reminds me of a Mexican game—I forget the name—in which they have a paper bag full of goodies at Christmas time. The participants in the game bang it around until they have broken it and out fall all the candies and goodies. The Prime Minister and his cabinet remind me of this game. They have broken this bag and out have fallen the candies and goodies, the absolute sop for the Canadian electorate.

The Liberal Party came to power almost two years ago with a number of slogans, such as "The Liberals have all the answers." A reading of the Speech from the Throne must have caused great disappointment to Canadians and to the backbenchers on the other side. It must have been disillusioning to the thousands who supported the brave words "60 days of decision", and "a time to test the strong, excite the daring and give new promise to the timid". Over the last two years—it will be two years on April 23 since this Government took office—all we have had have been the affairs which have hit the Government and the Members of the Cabinet, and which have aroused great disillusionment and confusion in the minds of Canadians throughout the country.

We have had, instead of a time to test the strong, a time to test the credulity of Canadians, in that the Prime Minister would allow the conditions to exist which were the subject of the amendment voted upon last Friday. Instead of a new promise for the timid we have had despair for the hopeful thousands. This Government was going to bring a fresh new breeze to the Canadian political scene, but we have had something that has been certainly something less than fresh. It was not long ago that Canadians heard this stirring battle call of the Liberal party, "Let us get Canada moving again". They said we were in the economic doldrums and criticized us severely for the action which was taken in pegging the Canadian dollar. However, we have a perfect example of the policy of retreat and indecision followed by this Government in the answer of the Minister of Finance today when he flatly said that the present rate, that is the 92½ cent dollar, was quite acceptable and they were quite happy with it.

So, instead of these brave promises and new words, we have been given a Speech from the Throne in which all we have is the warmed over leftovers from the last session. We have sections that have been blatantly plagiarized from the Kennedy and Johnson administrations in the United States. I am sure hon. members who saw that program on the C.B.C. last night would have had a laugh or two at the conversation between the Prime Minister and the President. Then to wind up the whole thing we have the amazing, wholesale borrowing from the N.D.P., so much so that one commentator was led to say in a television and radio broadcast that after this Speech from the Throne, all the N.D.P. had left in their platform was anti-Americanism.

• (2:40 p.m.)

What has happened to all those brave words? Where have all those promises gone? Where is this brave new world that was going to be ushered in for Canadians by the Liberal Party? From 1960 to 1963 we have had the Madison Avenue hucksters forming all the catch words, with all the slogans of the Kennedy campaign being parroted by the Prime Minister, the leader of the Liberal Party. For the past year or more the advertising specialists, to whose Edgar Bergen the Prime Minister plays Charlie McCarthy, have been putting the slogans of the Johnson administration directly into his mouth.

Down there across the 49th parallel they have the "great society". Here we have got

the "good society". South of the border they have a war on poverty, and so the Liberals declare a war on poverty here. The Americans have a peace corps, and all of a sudden we have a youth corps. And so it goes. I daresay soon we will be having barbecues at 24 Sussex Street. It is a degrading spectacle for the Prime Minister of this country.

There have been moments in his administration when free from the foolish and vacuous image making of his public relations men—and even these have been failing him, according to one prominent member of the Press Gallery whose notable achievement was the publication of another book before this government took over—when we have been able to see the Prime Minister at his best; and we can be forgiven sometimes for wanting to ask, in the vacillations that have occurred between all the other images attempted by the Prime Minister, "Will the real Lester B. Pearson stand up and be identified"?

Mr. Rhéaume: There isn't a real one.

Mr. Nielsen: There isn't a real one, a colleague of mine says. I have heard people, speaking about disillusionment and confusion across the country, say "We would not be in the terrible mess in Ottawa if Pearson were alive."

It is perfectly understandable if Canadians have no confidence in the present Government. They are unable to act decisively. They are unable to act imaginatively in the area of policy, whether it is affecting the economy, labour, immigration, agriculture, or indeed in an area that vitally interests all of us, the area of justice; and in an area which vitally concerns me, my colleague from the Northwest Territories and a good many others on this side of the house, the area of northern development.

Since the change of government there has not been a single new development project undertaken above the 60th parallel. Why? Is it because there exists that fundamental difference between the approach of the Liberals and the approach of the Conservatives in these matters? How can we expect government investment to develop our northern frontiers when we have this grab bag of eye-catching goodies falling out of the paper target the Prime Minister breaks blindly with his pole, as they do during a Mexican Christmas celebration?

The Prime Minister in his speech last Tuesday dealt with this problem in a way that will shock many Canadians. When a housecleaning is clearly in order he resorts to legalisms and to hair splitting, in which all the Cabinet Ministers indulge on almost every occasion when questions are put to them intended to elicit proper information. A man must be en route to the courts before prime ministerial notice is taken of his behaviour.

Prudence and good judgment, discretion in the choice of one's personal associations, probity in one's business transactions—none of this matters, apparently. The Prime Minister has made his decision: there will be no clean up in his cabinet, and we are stuck with it until the government is changed. There will be other opportunities to deal with this question of integrity in high places, and no one will find those on this side of the house loath to take advantage of those opportunities.

Canadians do not have to look far to find the reason for this lack of initiative, the lack of originality in the Speech from the Throne, or to find why the Government of this country has become, as one respected overseas publication has put it, "a rudderless mess." The Cabinet is in disarray because of the pressures exerted not only by a public outcry for a public hearing but by an outcry from all the opposition parties combined. The Cabinet is beset by every manner of division.

Mr. Moreau: Tell us about your divisions.

Mr. Nielsen: I will have a few words for the hon. Member for York-Scarborough about divisions in a minute, if he will contain himself in patience. I am only sorry that a good many of the Cabinet Ministers about whom I am going to be making some remarks are not in their seats this afternoon. It is a Cabinet that is at war with itself. How well we remember the non-confidence motion, moved by the then Leader of the Opposition in February, 1963, referring to divisions in the Cabinet.

The present Cabinet, this present rudderless mess, has more holes in it—I did not say leaks—than any ship of state in this century. I could say it has more leaks in it than in the Progressive Conservative Party caucus, and that is saying something.

Mr. Graffiey: Explain.

Mr. Nielsen: Almost a year ago a responsible correspondent, a columnist of the Montreal *Star*, Mr. W. A. Wilson put it this way:

> The underlying problem...seems to be that Mr. Pearson has so far failed to weld his Cabinet into a team—despite the 1962 election slogan touting the "Pearson team." Members of a team do not normally scupper their colleagues in Mr. Tremblay's

reckless fashion nor embarrass important causes as Miss LaMarsh did through her electioneering. It would be unjust to suggest that these are disloyal people but in a very practical way they are lacking in true loyalty to the ministry to which they belong because they fail to weigh their private inclinations against the public good.

Well, that failure is still with the Prime Minister, but we understand his failure better now. You can't build a team, and even he can't build a team, with nothing to work with.

As I watched this strife-torn Cabinet day after day my eyes often wandered beyond the treasury benches to all that talent on the backbenches, all those capable and intelligent backbenchers on the other side both men and women, waiting for their turn, a turn that will never come because the Liberal old guard is still holding the reins. The old guard of that party has triumphed, Mr. Speaker. The Prime Minister is their captive and their advocate.

What a sense of frustration must overcome all those ambitious Members behind the treasury benches. I think of one in particular, the hon. Member for Renfrew South (Mr. Greene). Here is a Member who looks on with envy each day this house sits, when he observes the conduct and the machinations of those who occupy the treasury benches today. He thinks to himself "How much better I could do it if I were the leader, the Prime Minister."

Mr. Moreau: Would the hon. Member permit a question?

Mr. Nielsen: Another hon. Member over there is the hon. Member for York-Scarborough (Mr. Moreau), and I will allow a question if I still have time after I am through. I know he is one of those intelligent, young, aggressive backbenchers on the Liberal side looking forward to new horizons for himself, but they will never come because the old boys are in the saddle and they are not going to get out.

• (2:50 p.m.)

One need look no further than the treasury benches to witness examples of frustration. The Minister of Forestry (Mr. Sauvé), who I understand has gone on an extended vacation, has been ready, willing and able to take the initiative in cleaning up the party, especially in his own Province, even though he would be facing a herculean task in that regard. But he has been kept down. He has been smothered by the Minister of Justice, by the Secretary of State, by the Postmaster General, and finally by the Prime Minister himself. I think the Minister of Transport is perhaps beyond ambition for leadership these days.

The Brandon *Sun* put it this way almost a year ago; conditions have not changed and I quote from that publication:

Young, forceful, frank and politically appealing, he is an avowed member of the Liberal Party's left wing who, it has been suggested had hitherto been held down in the party ranks by more reactionary elements.

A more recent comment came on March 20 of this year in *La Presse* under the by-line of Pierre O'Neil, who described graphically and at length the complete fragmentation of the Liberal Cabinet. I have a translation of the article here. It is lengthy and I do not intend to read it all, but the subheading reads:

Maurice Lamontagne is on the brink of resignation; Maurice Sauvé is 'on the outs' with the Prime Minister; only the Minister of Justice, Guy Favreau, retains a bit of enthusiasm.

What a description. The article says:

The Quebec wing of the Pearson Cabinet is in full rout. Mr. Maurice Lamontagne almost resigned recently. Mr. Maurice Sauvé is 'on the outs' with the Prime Minister who has turned a deaf ear toward him. Mr. Guy Favreau, the Minister of Justice is the only one of the three Quebec generals to keep some enthusiasm despite the extremely hard blows that he has taken recently.

The caucus, it goes without saying, is also tossed about by the tempest. The ship is going around in circles, not knowing in whom to repose its trust.

People are familiar with the old story of politicians going around in circles. The Prime Minister of this country is as capable of doing so as is the Secretary of State for External Affairs. That is all he does; he goes round in circles and stands foursquare for everything. The article goes on:

In this climate is born the rumour insisting that Mr. Lucien Cardin is gaining stature in cabinet deliberations and that he will be in his turn an important Quebec spokesman.

It is not easy to evaluate all that has happened recently which has revealed this crisis. It is still less easy to predict where all this will lead the Cabinet, and the caucus. Above all it is not easy to know how the Federal Liberal Party in Quebec will extricate itself from these convulsions.

We all know the end product of convulsions.

The case of Mr. Lamontagne is typical.

As for the tensions between Messrs. Favreau and Sauvé, they resulted from their different conceptions of what should be done in Quebec to reinforce the party and to make it responsive to the important changes which have happened these past years in the Quebec political society.

The Secretary of State is just recovering from the hard blows which have been struck him in the House on the subject of the famous furniture

affair. This volley of blows came down on a man who has not ceased to receive such blows since he entered politics.

And so the article goes on, a massive indictment of the confusion and indecision which exists within this Cabinet. There is the former Minister of Citizenship and Immigration, the present Postmaster General. Let me simply quote from the Toronto *Telegram*. What an asset this Minister is to the Cabinet.

Some hon. Members: Hear, hear.

Mr. Nielsen: Members should withhold their applause until they hear what Mr. Fraser Kelly of the *Telegram* has to say about this hon. gentleman:

The switch of controversial René Tremblay from Minister of Citizenship and Immigration has sparked bitter resentment among Canadian postal workers.

The implications are crystal clear. In the Canadian cabinet the portfolio of Postmaster General is the ultimate disgrace, the Outer Siberia, cries an editorial in the Canadian Postal Worker, a civil service publication.

We, in public estimation, are so low on the totem pole that we have sunk into the mire. We are fit only to be headed by some incompetent.

Under a thick red headline stating We Protest, the editorial asks isn't it time that a cabinet be thought of as a team of experts. . .not a party grab-bag with juicy plums for some and bitter quince for one unfortunate other.

The news story in the *Telegram* continues, quoting the Canadian Postal Worker as follows:

To those of us who have considered the keeping open of the lines of communication a worthy calling, to those of us who have taken pride in the handling of the Royal Mail, the implications of the situation have come as a blow.

A foul wet rag across the face could have carried no greater impact.

That is what the employees of the Minister's Department feel about this Minister. So one need not wonder why the Canadian public came to the same conclusion.

How well we remember the cries when the former Government was in office that Canada's reputation had suffered abroad. I wonder whether hon. gentlemen opposite have been reading the overseas press lately about the aura of uncertainty that surrounds the Cabinet, about scandal and the lack of leadership in Canada. That is what these publications are saying. Have they heard about the Gallup poll in Great Britain which showed that the British people regarded the United States as their number one friend, with Australia number two and Canada third? That is a condition which did not exist when the Conservatives were in office.

[Mr. Nielsen.]

While this fumbling and bumbling is going on over there, serious situations are arising and the Government is failing to deal with them.

We heard the Prime Minister's new politics described in January of 1964 in the course of a national bilingual television broadcast. Well, having seen them in action on the Canadian political scene, I say we have had enough of these new politics. He has recently been touring the country whimpering and whining about the Opposition, saying we are obstructing, filibustering and preventing his new politics from being implemented. This is the same right hon. gentleman who, when he was Leader of the Opposition in September, 1962, speaking to the Young Liberals in Toronto, used some of the most disgraceful language I have heard any person use against a Prime Minister of this country, referring to falsehood, gross deception and deceit. Then we have Cabinet Ministers opposite like the Minister of Justice who complain and whimper when somebody else says a statement is false. Where do we go in Canada? The conduct of the Cabinet is not such as to warrant confidence either at home or abroad.

● (3:00 p.m.)

The Minister of Health and Welfare—I am sorry she is not in the house today—has indulged in hobbies from the anti-smoking campaign, which is getting nowhere, to the defence of some, if not all, of the members of her sex as is reported in the Toronto *Star* of November 5, 1964. I quote from that article.

Winnipeg—Health Minister Judy LaMarsh yesterday criticized Opposition Leader Diefenbaker, Manitoba Premier Duff Roblin and people who question the intelligence of large bosomed women. Miss LaMarsh at a press conference was asked about an American scientist who recently said that small bosomed women have the highest intelligence quotients.

Then the paper quotes the hon. Lady as saying:

"A bosom size doesn't prove a damn thing about my brains".

I am happy that the hon. Lady was so frank with the press. A year ago it was reported that the Minister had threatened to resign because she was being excluded from secret consultations between those at the federal level and those at the Quebec level concerning the design of the pension plan. The Montreal *Gazette* had this to say:

The gesture is said to have been made in protest over the primary responsibility for Canada Pen-

sion Plan planning transferred out of her hands, and over the Federal Government's decision to adopt a new pension scheme embodying many of the features of the Quebec pension legislation. Miss LaMarsh was not a key figure at the Quebec conference, at which federal plans underwent a drastic change.

We all know, Mr. Speaker, which Minister in the Cabinet carried the bill through this House, and it was not the Minister of National Health and Welfare.

The Minister's troubles are not confined only to pensions, but I do not want to elaborate any further with respect to her troubles except to say, in connection with this brave new world of politics that the Prime Minister is ushering in, that according to the Vancouver *Province* for December 5 the Minister is reported to have said:

"Sit down, shut up and let the matter come to a vote", yelled Health Minister Judy LaMarsh to Tory M.P. Deane Gundlock in Parliament the other day, and no doubt the suffragettes of yore revolved in their graves.

The Minister went to Montreal to make a speech one month later, and on January 14, 1965 the Montreal *Star* carried this headline:

Judy LaMarsh counsels tact in debating Canada's future.

That is her idea of tact, Mr. Speaker. The Secretary of State for External Affairs—I see only two Cabinet Ministers in the house at the moment, and they are probably the only two who have no leadership ambitions on that side—who retired from politics long ago, does not get mixed up in anything so blasé as party wrangling and politics nowadays. First there was the appointment to a Senate vacancy. It was assumed that this would go to one of two candidates for the job in Essex county. But the Minister has been paying so little attention to politics lately that he let the old home town down. Here is a quote from the Windsor *Star* for November 16:

From charges of obstructionism to disarmament and Communist China, Canada's Minister of External Affairs, Paul Martin, covered a wide range of topics Saturday evening in Belle River.

Missing in his remarks however was any reference to the recent Senate appointment. Dissension and anger have been reported in the Liberal party ranks in Essex county because the appointment was not given to a local Liberal.

Addressing himself to the Chinese government, he said—

—and so on. How familiar we all are in this House with the Minister's technique. The good people of Belle River in the Minister's constituency wanted to hear about Essex county and about a Senator from that county. And what does the Secretary of State for External Affairs do? He addresses himself to the subject of China and the Chinese government.

Then there are other quotes from the national press about the doings of the Secretary of State for External Affairs. There was one in the *Daily Colonist* of November 8 concerning the leader of the Social Credit Party, which is as follows:

Some Liberal backbenchers are reported to be just as disturbed privately as opposition M.P.'s have been publicly about External Affairs Minister Martin's handling of Social Credit Leader Thompson's current Africa trip.

Then speaking of international images, about a year ago there was a report concerning the NATO ministerial conference, when another distinguished gentleman of the fourth estate, Warner Troyer, writing in the Vancouver *Sun* had this to say.

Mr. Deputy Speaker: Order. I regret to have to interrupt the hon. Member but his time has expired, unless he has the unanimous consent of the House to continue.

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. Nielsen: Then if I have unanimous consent—

Some hon. Members: No.

Mr. Deputy Speaker: The hon. Member does not have the unanimous consent of the House.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, among other things apparently the hearing of the hon. Member for Yukon is not functioning very well this afternoon. May I begin by expressing my congratulations to the hon. Member for St. John's West and to the hon. Member for St. Maurice-Laflèche who moved and seconded the Address in reply to the Speech from the Throne.

During the course of this debate, notwithstanding what we have just heard, there have been many excellent speeches; and while I do not wish to single out any particular members when I say this, I think I would be remiss if I did not make special mention of the speech delivered in this House by the hon. Member for Westmorland (Mrs. Rideout). I say that, Mr. Speaker, because I think the hon. Lady delivered a very informative and interesting speech respecting a number of national problems, as well as displaying an obvious grasp of the conditions and problems within her own constituency.

Some of the hon. Members who were here last session will know that the City of Moncton in New Brunswick and the City of Medicine Hat are twinned for the centennial celebrations which will be held during 1967. During that time there are plans under way, I understand, to exchange a number of students between these two cities. There are also plans to exchange some of the civic officials for a period of time so we can have an opportunity to learn more about cities in other regions of Canada.

Mr. Lessard (Lake St. John): Are you exchanging Members too?

Mr. Olson: The hon. Member for Lake St. John asks me if we are going to exchange Members. I do not think the people in Moncton would appreciate it if we went that far, but we do intend to work out an arrangement where we can exchange a speech or two. In other words I will attempt to select some particular matter of special interest to people in her constituency and deliver a speech on it, and she will do the same in the Medicine Hat constituency. After having heard the way she is able to address herself to this house I think perhaps Medicine Hat will get the best of this exchange.

Some hon. Members: Hear, hear.

Mr. Olson: I am pleased to note the applause I get from the Tory Party; it is not often that that happens. As a matter of fact I do not think they will applaud what I am about to say now, and that is that having heard the speech of the hon. Member for Yukon I think at some time they should try some new kind of tactic; because the discourse we have just heard is a clear indication to me that we can expect some more rumblings very soon from within the Progressive Conservative Party. You would think, Mr. Speaker, that these members would try something new, because diversionary tactics are a very old trick to try to focus attention on somebody else's problem or to create a border incident while their own difficulties are coming to the surface. So as I say I presume that this is the harbinger of some further rumblings within the Tory Party.

• (3:10 p.m.)

This afternoon I am not going to speak for the maximum time allowed a Member because I want to discuss only two particular matters which are referred to in the Speech from the Throne. The first is related to matters of procedure and organization of this House; the other relates to that paragraph which is devoted to agricultural matters.

[Mr. Olson.]

Mr. Speaker, the Speech from the Throne in part states:

> My Ministers believe that it is imperative to reform the procedures of the House of Commons in order that it may accomplish the large volume of work required to meet the needs of the Canadian people in modern times.

Then it goes on to state:

> My Ministers therefore will submit to you proposals for reform, based both on the valuable work of your Committee on Procedure and Organization and on my Government's study of the procedures—

I am sure if you review some of the speeches which have been made both inside and outside this House by the leaders of various political parties including the Prime Minister and the Leader of Her Majesty's Loyal Opposition you will find that there seems to be general agreement that something ought to be done about modernizing the rules and procedures of debate in this House. After the Committee was set up two years ago and reconstituted in March of 1964, there was not really as much accomplished by way of results from the studies and recommendations of that Committee as could be expected, particularly in view of the apparent disposition of all parties to modernize our rules.

This Committee on Procedure and Organization met during the last session on at least 50 occasions. In addition there were dozens of meetings of subcommittees which discussed certain aspects of the procedures of this House. While I am thankful and grateful that some of the measures suggested have been accepted on an interim basis, there certainly was not the so-called bold, new and imaginative approach to parliamentary reform which we were led to believe was both warranted and acceptable.

I should like to suggest to the President of the Privy Council that in spite of the fact that we were more or less sabotaged or scuttled in so far as our Committee reports were concerned during the dying minutes of the last session, there is a way to revive some of those reports if there is a disposition on the part of the Government to do so. Citation 320 (3) of Beauchesne's third edition states:

> As to the report of a committee presented during a previous session, motion must first be made that it be considered during the current session, and, if such a motion is carried, the House may appoint a day for consideration of the report.

Then it goes on to state:

> A report may be adopted only in part or an amendment imposing a condition to the motion for concurrence may be moved.

That clearly sets out that a report which has been submitted to the House by a committee established during a previous session can be brought in at a following session for approval or on a motion for concurrence, providing the Government is willing to take that step. It is my opinion that I, as Chairman of one of the subcommittees and the Member who moved concurrence in the reports numbered 18 and 19 on behalf of the whole Committee, could make such a motion but, of course, it would be buried along with a great number of other private members' motions. If the Government was serious and intended to change some of the rules of this House in order that we can complete the tremendous volume of business with a certain degree of order and dispatch, it could revive these two Committee reports and have them debated and, I would hope, subsequently passed during this third session of the twenty sixth parliament.

If the Government was ready and willing to do this, Mr. Speaker, it could appoint a day, as is set out clearly in citation 320, for the purpose of passing these two reports. If the conditions and recommendations contained in reports Nos. 18 and 19 are acceptable to the Government, surely this would be a far better way of bringing about these reforms than by bringing forward a completely new Government motion. I say that because of the obvious fact that these reports were developed, worked out, compromised, written and rewritten by a Committee made up of members of all five political parties in this House. Surely that would be more acceptable to this House than a new Government motion which would almost automatically receive the opposition of many Members in the Opposition.

Reports Nos. 18 and 19 deal with changes to Standing Order No. 65, to realign the Standing Committees of this House, and with Standing Order No. 56, which deals with the limitation of time in debating the main estimates in this House. These involve major reforms which have received support from at least some Members of all the parties in this House. Therefore it seems to me that it would be highly desirable for the Government to take the course open to them under citation 320 of Beauchesne.

The Members of the Special Committee on Procedure and Organization spent many weeks, in fact several months, meeting several times each week studying these reforms and drafting these reports. The committee took into account the various opinions and suggestions in writing the reports and arriving at compromises so they would at least in some measure meet the approval of Members from all parties. I hope the Government will take this course of action which is open to it. I am not suggesting that it will be going far enough in this regard, but this will at least permit the establishment of standing committees of this House in such a way that they will be in a position to receive and deal with all the estimates of the Departments of Government.

Standing Order No. 65, as it is now constructed, does not in effect allow all estimates of all Departments to be referred. The old committee on estimates could perhaps be a catch-all committee to deal with those estimates which cannot appropriately be referred to specific committees. That is not what we intended, nor is it the way most Members of this House feel these estimates should be referred to committees.

Mr. Speaker, for these reasons I make the very positive suggestion to the Prime Minister and the President of the Privy Council that a major step forward toward the modernization of our rules could be taken by following the course open under citation 320. The reports of the Committee are now before us. They have already been approved by the Members of the Committee on Procedure and Organization, and it would be very easy for the Government to reinstitute them for consideration at this Session.

The other subject to which I wish to refer is that covered by this part of the Throne Speech:

> My Government is developing new policies to enable farmers generally to achieve larger and more reliable incomes so that their living and working standards will be comparable to those enjoyed in other sectors of our economy.

• (3:20 p.m.)

I suggest it is about time, Mr. Speaker, that a concerted effort was made by the federal Government to do something about the price structure for the primary producers of food, or the primary producers of groceries, as the Minister of Agriculture has said on a number of occasions. I do not wish to downgrade in any way the very useful amendments that have been made to the Farm Credit Act, the Farm Improvement Loans Act and the new Farm Machinery Syndicates Loans Act, but we have reached the end of what we can do to assist farmers by increasing the maximum amounts of credit available. In fact, in my opinion we have already gone

too far in many cases, in that there are extensions of credit to farmers in various parts of Canada far beyond their ability to repay the money within a reasonable length of time.

I suggest further that these extensions of farm credit, which are burying farmers deeper and deeper in debt, gloss over the real problem, which is the whole structure of the prices that farmers receive for the goods they produce. The new dairy policy announced a few days ago by the Minister of Agriculture is useful. It at least sets a pattern of first of all increasing and then holding up the price of milk used for manufacturing purposes, and this is in addition to the butter support price which has been in effect for a number of years. But this is only one sector of primary production in the field of agriculture, and I simply say that it is a step in the right direction.

I am not going to refer to a lot of statistics, Mr. Speaker, but it has been said that 70 per cent of the farmers of Canada have incomes of less than $2,500. This should illustrate forcefully that the industry in general is badly in need of some revitalization. A survey by the Ontario Federation of Labour showed that 27 per cent of Ontario's farm families or 131,000 people are in a state of abject poverty with net incomes of $600 for a family of four. Sixteen per cent of Ontario's farm families or 72,000 people are living at a subsistence level with incomes between $600 and $1,250. Twenty two per cent of Ontario's farm families, with incomes between $1,250 and $2,250, lack the necessities of life.

Dr. Travis Manning, head of the Department of Agricultural Economics of the University of Alberta, in a survey based on figures from the Dominion Bureau of Statistics, shows that in Alberta only 3 per cent of the farms have gross sales of over $25,000, while 11 per cent have gross sales between $10,000 and $24,000, 22 per cent have gross sales between $5,000 and $9,999, and 64 per cent have gross sales of less than $5,000. These figures illustrate that relatively few farms have gross sales sufficient to assure an adequate income.

Very recently there was a decline in the price of Canadian wheat because of a lowering of the price in the international market. A recent issue of the *Western Producer,* which is published in Saskatoon, Saskatchewan, had this to say about the situation:

> Faced with the stark fact of declining prices and the strongest competitive conditions they have encountered for many years, western Canadian producers are worried. Their worries are justified, as we have noted, for they are literally the only producers in the world whose governments in the past have expected them to weather on their own the storms of declining prices in the export market.

I am not one of those Members, Mr. Speaker, who think that all sectors of the Canadian economy should run to the Government every time they are in a little difficulty. I think I am perhaps as much of a free enterpriser by nature as any Member of the House. But, Mr. Speaker, the whole price structure of Canadian farm products is based on the surplus and dumping prices in the international market of all other countries in the world. The price that our own people pay for wheat is exactly the same as the lowest price that is available anywhere in the world. This also applies to sugar and to many other farm products.

There is no other developed nation that does not make some special arrangement for insulating their own domestic food market from the dumping prices of other countries in the international market. The Minister of Agriculture, for example, has said that in Great Britain 7.5 per cent of the national budget is used to maintain and support the price structure of the farm products of that country. In the United States, Denmark, Sweden, Norway and France 8.2 per cent of the national budgets are used to maintain and support the prices of agricultural products grown in those countries. In Canada the figure is 3 per cent.

I might point out that this becomes even more significant when you realize that in the United States and Great Britain, for example, the percentage of their contributions to the armament of the western world is also substantially higher than that of Canada. I suggest that if we look at some of the statistics respecting the change in the prices that farmers receive for what they grow in relation to the cost of what they have to buy, and in relation to the increased incomes of people in almost every other sector, the picture becomes even more alarming and adds further justification to the fact that some concerted effort should be made now by the Federal Government to, as they say in the Speech from the Throne, "achieve larger and more reliable incomes" for farmers.

For example, on a number of occasions we have heard the Minister of Agriculture say that in 1964 farmers had a higher total gross income than at any other time in history. I think he mentioned a figure of approxmiately $3.4 billion. That may be fine on a basis of

gross returns, but when you place that alongside the increased cost of production and the fact that some of the sales were out of inventory, it does not look quite so good. When I refer to sales out of inventory I want to make it abundantly clear that a large part of the money that went into the total gross sales came from wheat that was sold in 1964 but was actually produced in 1963.

• (3:30 p.m.)

The Dominion Bureau of Statistics, in a publication issued in March, 1965, deals with farm net income for 1964 and gives figures for the net income of farm operators from farming operations for the years 1962 to 1964. In 1962 this figure was $1,627 million. That was net income, not gross income. In 1963 this had risen to $1,654 million. By 1964, Mr. Speaker, it had dropped down to $1,432 million. So, Mr. Speaker, in spite of 1964 being the year with the highest gross farm income, there was a decline of over $200 million in net farm income as compared with the previous year. This is not satisfactory any more.

Another point I should like to make is this, especially when we are talking about subsidies. I asked the then Minister of National Revenue in July, 1963 for a complete breakdown of subsidies paid to agriculture producers. If you look over this list you will find that out of the $71 million paid out during the year ending March 31, 1963, $42 million was paid under the butter support program. I wonder if it is fair to call this butter price support program a farm subsidy. It seems to me it would be just as fair to call it a consumer subsidy. We know that the Government is in fact subsidizing the price of butter to the Canadian consumer to the tune of 12 cents a pound. The subsidy is paid through the Department of Agriculture, but it is certainly of direct benefit to the consumer of butter in Canada. If you deduct that consumer subsidy it leaves the total Canadian Government support for farm produce in all sectors at less than $30 million for that year.

I have another publication before me called the Economic Analyst, published in August, 1964, by the Department of Agriculture. This publication shows that in April, 1964, the latest month for which figures were available, the price index, that is all farm prices for agricultural products, has risen to 245.8 based on 100 equalling the period from 1935 to 1939. During the same month the prices of commodities and services used by farmers had risen to 309.9. You have to go back to 1948 before you can find a period when the average of prices received by farmers was less than it was last year. There were one or two years, 1954, 1955 and 1956, when it was approximately the same as the index for April, 1964, but to find a substantially lower amount you have to go back before 1948, some 17 years ago.

In spite of the fact that there has been no substantial increase in the prices farmers have received for their goods and services, particularly for the primary goods they produce, namely food, there has been almost a doubling in the cost of those things which are required by farmers, that is commodities and services. I hope, therefore, there is a determination on the part of Government, as indicated in the Speech from the Throne, to do something finally to upgrade the whole price structure and provide it with some reliability. Credit is no longer the answer. We have now to provide our farmers with an opportunity of repaying some of the credit extended to them during the past few years.

Now, Mr. Speaker, I do not care who gets the credit for it. I give the Progressive Conservatives full marks for all the things they did that were beneficial and useful to the farmer. I give also, to the Liberals, full credit for all the things they did that were beneficial to the agricultural sector of our economy. But really none of the policies have been able to get at the root of the problem, that is this competition from the dumping of surplus products from other nations in the world. As I said at the outset, other countries in the world have insulated their domestic market against these surplus pricing arrangements.

In conclusion, Mr. Speaker, I hope there will be a concentration of the effort of all parties, of all members of all parties, to get on with correcting this problem which is so old, and I am not concerned about who gets credit for it.

Mr. Robert Temple (Hastings South): Mr. Speaker, may I preface my remarks by complimenting the Mover, the hon. Member for St. John's West and Seconder, the hon. Member for St. Maurice-Laflèche of the Address in Reply for the excellent job they did and the eloquent and expressive way in which they made their remarks. I join with the hon. Member for Medicine Hat in complimenting the hon. Member for Westmorland upon her excellent speech in this debate last week. She showed a clear insight into the problems of the country as well as a great knowledge of her own constituency.

It would be nice, Mr. Speaker, if we could compliment everyone in this House all the time, everyone in Canada and everyone on the international scene. Of course this is not possible. We have a great many troubles in the world today, and on the international scene certainly not the least of them is Viet Nam. In the past there has been a tendency to say that the United States should stop acting as international policeman and should pull out of South Viet Nam. It would be very nice if the need were not there for an international policeman. However, the facts of international life today are such that we, as Canadians, are very fortunate in having a friendly ally such as the United States willing to take on the responsibilities it has assumed for international affairs.

When people say that the United States should get out of Viet Nam or get out of this country or that country, I suppose what they are saying is, let these people determine for themselves; these people can and will determine things for themselves. This would be all well and good if these people were allowed to follow the process of self-determination. We do not need to look very far. Let us look at Poland. Did the people of Poland have the right of self-determination? No. Did the people of Hungary, after the war, have the right of self-determination? Again the answer is no. The people of Rumania; did they have that right, or the people of Bulgaria? Of course the people of Czechoslovakia in 1948 were not given the right or opportunity to determine their own course, because their democratic government was overthrown by a coup by a minority party. Well, if the United States were to pull out of South Viet Nam without making provision for an absolutely free self-determination by the people of South Viet Nam, then the same old pattern would repeat itself.

• (3.40 p.m.)

I welcome, as I am sure all do, the détente in Western Europe, although the events of the past week in Berlin make me rather wonder if this is going to be a continuing détente. We have welcomed it during the last two years, and it is not time yet for us to let our defences down. In my opinion it is always best to bargain from a position of strength.

I hope that this can be brought about in South Viet Nam so the South Vietnamese will have the right of really free self-determination. Of course I welcome also what was announced by the President of the United States last week, that the United States is willing to put in and will put in up to $1 billion of economic aid in that troubled area. I also compliment our Government very much for going along with that and saying Canada will share part of that burden.

If, Mr. Speaker, the United States pulls out without having brought about these negotiations, if it pulls out its military forces from South Viet Nam, what will happen? It will be like a game of dominoes; the whole thing will collapse. I suggest Laos will be next, and Cambodia. Then will go Thailand and no doubt Burma. Then will come Malaysia, but it is hoped it can be contained there. It is less than 20 years ago that the war in the Pacific came to an end. That war was fought, as I understand and believe it, to stop the spread of another type of imperialism throughout the Pacific. So let us not let that happen again.

I was particularly annoyed and upset a week ago Sunday night at a program called "This Hour Has Seven Days." Mr. Speaker, Voltaire said that a man has a perfect right to say what he believes in, no matter how much one may disagree with him, and I subscribe to that. But if this program has the right to say what it does surely I, as a Member of Parliament have the right to say what I am going to say about it. It depicted the American in South Viet Nam as a stupid, sadistic moron who did not know anything except torture and war, and disregarded everything else. I take very strong exception to that program which I consider had either no taste or certainly was in very bad taste.

In my opinion the Minister of Justice is to be highly complimented and congratulated for the decision to introduce legislation that will provide an Ombudsman for Canada. Having read the Minister's speeches on this subject for the past several weeks, I understand it will be the task of the Ombudsman to protect the rights of the individual Canadian. This is terribly, terribly important. What distinguishes us from other, non-democratic governments is our basic desire to protect the individual and the individual's rights. Therefore I say the Minister is to be complimented on this decision.

Something which I am not so happy about is a bill introduced in a provincial legislature during the last few days concerning wire tapping. It is called a bill to prevent wire tapping, but instead of being a bill to prevent wire tapping it gives the authorities the opportunity to obtain an order from a federal judge, if they are able to give him evidence that they have reasonable grounds to suspect

somebody may be committing or conspiring to commit a crime. Any hon. Member who is a lawyer, and a good many hon. Members who are not, will realize it is not too difficult to present a case to a judge showing you have reasonable grounds to suspect something, and thus be able to get an order. The part I especially do not like, apart from the very fact of wire tapping itself, is that the bill provides for a secret order that can go on month to month, and in fact provides it is an offence for anyone to disclose publicly that such an order has been obtained. Making such information public is to be punishable by a fine and/or imprisonment.

I made my maiden speech in this House two years ago, and in closing stated I was very concerned that the liberty and freedom of the individual be retained, and that it not be whittled away. There has been no change in my feelings since then, nor will there be in the future. I realize of course that this is becoming a more and more complex civilization and society. I also realize the dangers of organized crime; but I believe this provincial legislation is an attempt to reach a proper end by improper means. We are trying to protect society and the individual in the wrong way. What is in effect being done —not by this House, thank goodness—is a whittling away of the liberties of the individual.

Mr. Brewin: Would the hon. Member permit a question?

Mr. Temple: When I am finished I would be very happy to have the hon. Member for Greenwood ask me a question.

Mr. Brewin: I thought possibly while you were on this topic.

Mr. Temple: I would also like to congratulate the Government for including a statement in the Throne Speech that there will be a free debate on capital punishment. At the outset, Mr. Speaker, I must say I am in favour of the abolition of capital punishment. It used to be in the days when Babylon was at the height of its power and grandeur that the old maxim of "an eye for an eye and a tooth for a tooth" was generally accepted. We would have thought that over the years we would have grown away from that, but instead of that adage being accepted or not being accepted, as we went along things became worse.

When Rome was at the height of its power, a good many hundreds of years after Babylon, the crime of parricide was punished by sewing the condemned in a sack with a dog, a cock, a viper and an ape, and throwing them all into the sea.

Then we come to the eighth century in England and one would think we should have been progressing, but I doubt that very much so because there they had ordeals by fire and water. In ordeal by fire the accused carried a red hot iron around in his hand for a certain length of time. In ordeal by water you placed your arm up to your wrist or elbow in boiling water for a period of some minutes. The hand was then bandaged and kept bound for three days—I suppose they had no antiseptics—and after they removed the bandage, if your hand or arm had not healed you were guilty. The crown attorneys of that time must have had a real field day.

• (3:50 p.m.)

We now come to the time of the Puritans in the seventeenth century. In England in 1650 a law was passed by parliament making adultery punishable by death, and this savage sentence was actually carried out in two or three cases. But then it became a fact that even Puritans would not convict for this, and the law was repealed. I think it was rather remarkable that the law was repealed so quickly, because usually a criminal law is not repealed until many years after it has gone into disuse and is not looked upon with favour by the public. The people in the England of the sixteenth, seventeenth or eighteenth centuries were not more stupid than the people who live in England and Canada today, but there was a tradition in force there, and this tradition could not keep up with the facts. Mr. Speaker, because something is widely believed does not necessarily mean that it is true. Prior to the time of William Harvey in the seventeenth century people thought the arteries were filled with air, and that there was no such thing as the circulation of the blood. Even after he had proved his theory of blood circulation people condemned him and said he was a heretic.

In the eighteenth century no less than 240 different offences were punishable by death in England. I am sure the Government of that day was trying to cut down the number of crimes of all types. Between 1525 and 1550 it is reported that 72,000 people were executed in England. But crimes of violence did not cease; on the contrary, they increased. They got worse. Gradually people began to realize that it is not possible to have a completely harsh outlook on life and then expect people to act in a refined, decent and honest way.

This is my point. I do not believe capital punishment is any deterrent to murder. I will not take the time of the House now by going into statistics; we shall have an opportunity to do that at a later date. But I am unable to find any states or countries where the abolition of capital punishment has led to an increase in the ratio of crimes. I am not saying it leads to a decrease; I am saying it has no effect at all.

What we are doing when we put someone to death at a definite hour on a certain appointed day is this. We are debasing all of ourselves, all of society. When we put a man to death that is what we are doing; we are shaming and degrading ourselves. If it were not so why do we do it so furtively, at midnight behind closed walls? If there is to be a real deterrent effect, bring these things out into the open and let us have a real circus; sell the beer and the hot dogs and have people jumping around waving flags, whatever they might be, and let the condemned man say his last words.

Mr. Patterson: That is plain stupid.

Mr. Scott: What is?

Mr. Patterson: What he is saying.

Mr. Temple: If the hon. Member for Fraser Valley (Mr. Patterson) wishes to express his views he will have an opportunity to do so.

Mr. Scott: It is a good speech. Keep it up.

Mr. Temple: I am saying that capital punishment is not a deterrent. Because the majority of people may believe it is, doesn't mean it is true. When I am told I am stupid I am reminded of Cesare de Beccaria, an Italian nobleman of the eighteenth century who put forward what were, in those days, advanced views on crime and criminology; they are probably not so advanced today. However, he was denounced by his enemies, and they were many, as being stupid, as seducing the public and promoting revolution.

Any time a man puts forward a new idea there will always be others to say he is stupid and knows no better. That may be. I do not profess to know all the answers, but I do know how I feel. In closing, I would say on this subject of capital punishment that life imprisonment should mean life imprisonment. If someone is sentenced to life imprisonment because of a capital crime, it should mean exactly that.

Some hon. Members: Hear, hear.

[Mr. Temple.]

Mr. Temple: I have enjoyed this opportunity to get on my feet and make these few remarks. I hope they have been thought provoking. I enjoyed the interest some people have taken.

Mr. Nicholas Mandziuk (Marquette): I appreciate this opportunity to take part in the debate. I preface my remarks by saying to the Speaker, the Deputy Speaker and to the Acting Speaker (Mr. Batten) that I hope you will all continue to enjoy the good health you have enjoyed during the marathon session just completed, and that you will continue to show the patience of Job and the judgment of Solomon during the months to come, as you have during the gloomy events of the last 14 months.

I should like to congratulate, too, the Mover and Seconder of the Address in Reply to the Speech from the Throne. Though young in years they have displayed a rare maturity of judgment without having lost the idealism of youth. Young men of that calibre will go far in the service of their country.

We have had a Government which has been at the helm of the ship of state for almost two years, longer than it had ever expected. During that time it has presented three Speeches from the Throne. This is the third, and like all such speeches it gives some indication of the Government's plans for the coming session. The present Speech is longer by far than its two predecessors. It contains no less than 58 items of business as far as I have been able to determine, and this from a Government which has been suffering from a bankruptcy of ideas. I believe it is still suffering from a bankruptcy of ideas, but 58 items of business represent quite an order.

Some of these items in the Speech from the Throne are worthy of consideration. Some are original and others have been borrowed from other parties. Together they make up this wonderful bag of gimmicks, tricks and promises which the Government dangles in front of the Canadian people. When the hon. Member for Villeneuve was asked to comment on the Speech from the Throne the day it was delivered he said, over the C.B.C., that there were so many promises in it that we would have to work for the next two years, so there would be no election before that time. In the light of the methods this Government has used in planning its legislative program it might take even longer

than that unless, as I believe, the Government has in mind giving us merely an election manifesto hoping that opposition parties will get together and give it the boot. Then they can go before the electorate and say "Look at all the goodies we had to offer you; now we cannot provide them because the wicked Opposition would not let us proceed."

• (4:00 p.m.)

I feel this House should give the Government an opportunity to carry out these plans for this Session regardless of how long it takes. After all, we have had one record breaking Session, and we could have another. They came into office on several election slogans and promises.

Let me bring you back, Mr. Speaker, to 1962 and 1963 and the 60 days of decision. Yes, in 60 days there were going to be visible improvements in all facets of the Canadian economy. Divide and rule was another method used, making different promises in the west from those in Central Canada and Eastern Canada. But the main platform was that the wicked Tories were driving the country into bankruptcy by devaluating the dollar. We all remember this, and I think the Government can stand to be reminded on this score. Today that "Diefendollar" seems to be pretty sound currency for the troubled Minister of Finance (Mr. Gordon).

Another favourite expression used by the Pearson team was "Get the economy moving". What was the state of the economy during the Conservative administration? On this subject I am going to quote an authority, a Minister of the Crown, the Minister of National Health and Welfare (Miss LaMarsh), whose opinions at rare times are worth repeating. On April 5, 1965 she spoke to the Women's Club of Montreal, and according to the Ottawa *Journal* had this to say:

> I feel that we can now say with pride that we have lived up to this our most important promise... the usual economic downturn has been avoided in the current business cycle and Canada is now in its fifth year of almost unbroken economic development.

To anyone who can even count on his toes the Minister stated that the economy had been rising for the past five years. This statement was made in 1965, so the economy started to go upwards in 1960, a time when the Liberals were far, far away from even becoming the government of this nation. Is that not an admission that this slogan or cry of "Get our economy moving" was just an election gimmick, something to try and fool the people?

I will quote no other authority than the Minister of Finance (Mr. Gordon), who the *Gazette* for March 13, 1964 quotes as follows:

> Finance Minister Gordon says he detects no signs of weakening in the current economic upswing which now has lasted three full years.

So that in 1964 it had already lasted three full years. Therefore it was in full swing in 1961. Where were the Liberals in 1961? They were in the wilderness and they are in the wilderness today.

We have had admissions from the Minister of Finance that the devalued dollar is a perfectly sound currency, and we all know how the "Diefendollar" has carried right through the country both in the West and in the East. I think the Prime Minister (Mr. Pearson) himself went on a buying spree in a grocery store just to show how much more the groceries would cost if the wicked Tories got into power. But today the Government say everything is fine. In this regard I should like to refer to an editorial which appeared in the Ottawa *Journal* shortly after the Liberals took office. It is headlined "A house left in good order". I should like to put some of this editorial on record because I think the House should be reminded of what happened. This editorial sums up the condition of the nation when the Liberals took over, economically, financially and otherwise:

> He left—

"He" is the Leader of the Opposition (Mr. Diefenbaker).

> —Mr. Pearson a country whose national production in 1962 had climbed 8 per cent to a peak of $40.4 billion—the greatest increase achieved by any western country, and the biggest income ever earned in history by a country with a population of 20 million people.
>
> He left him with a country which, after years of trade deficits, had at last achieved a favourable trade balance.
>
> He left him with a country which, on the testimony of President Kennedy—

That is the late President Kennedy.

> —had achieved a greater price stability than any other western industrial nation.
>
> He left him with a country whose reserves of gold and U.S. currency had been brought to $2,700,000,000—the greatest reached in years...
>
> In short, Mr. Diefenbaker left Mr. Pearson with a country whose people were producing more, selling more, earning more and saving more than ever before in their history.

I should like to see the Government challenge that record instead of spreading stories about getting the economy moving. If they

have done anything they have just followed in the footsteps of the Conservative administration, nothing more. The poverty of their ideas and opinions is evident, and it is evident in their third Speech from the Throne.

I should like to return to the Speech from the Throne which, on careful analysis, gains more prominence by what it does not say than by what it does say; and as I have said already it tries to say plenty. In this, as in the first two Speeches from the Throne, the farmer is a forgotten man. I am not speaking of the farmers of the West but of all farmers in Canada. Whether we admit it or not, agriculture is still one of the most important industries in Canada. But the farmer is a forgotten man.

I would remind this Government which lacks ideas, this Liberal Party which, when in Opposition, all it ever did was to remind the Conservative Party about our election promises—which we did carry out—of what the facts are. I have authority for this in the person of Peter Newman, one of their best apostles in the press, who admitted to *Maclean's* magazine that the Diefenbaker government carried out practically all its election promises.

Some hon. Members: Oh, oh.

Mr. Mandziuk: If they will give me 60 minutes I will show hon. Members the clipping. However, Mr. Speaker, I should like to read to the House the agricultural policy promised the nation by the Liberals.

An hon. Member: Dispense.

Mr. Mandziuk: No, I will not dispense, because this is worth repeating. Hon. gentlemen opposite would like to dispense with it or forget it, but it is the duty of the Opposition to remind this Pearson team which was going to do everything for this country of what were its promises. First of all, there was to be a two-prices system for wheat. Where is that policy? What did this Government do when the Canadian Federation of Agriculture and the National Farmers Union came to Ottawa in March? It turned a cold shoulder toward them and they got nothing from this promise.

What did the Minister of Trade and Commerce (Mr. Sharp) tell the farmers in Winnipeg? I have not time to quote it now because I want to proceed with this wonderful agricultural platform which was going to result in an initial price to the farmer of $3 per bushel for the first 300 bushels delivered. There was also to be a consumer subsidy so that the price of bread did not go up. Over the course of the last two years I have seen the price of bread go up twice in the West; I do not know whether it has in the East. Where is this consumer subsidy, and where is the $2 wheat and the $3 wheat? Then a little while ago the Wheat Board lowered the price, and the Government are now blaming the Wheat Board.

• (4:10 p.m.)

Let me read what Mr. Hazen Argue promised at Beauséjour on April 4, 1963:

> —a consumer subsidy, and not so increase the price to the purchaser or create less sales; a minimum price for grains based on a minimum price of $2.00 per bushel for No. 1 wheat basis Fort William for the next three years;

Then he makes this further promise:

> —regional and quarterly period for computing average prices of eggs, hogs etc.

This Government has been in office for two years, yet it has not really started to carry out these election promises. What has happened to these promises? Unfortunately there is not one Minister in the House at this time, which indicates to me that they do not care about these things.

Mr. Macaluso: You are wrong, there are Ministers in the House.

Mr. Mandziuk: Yes, there are a few assistants to the Ministers, but there are a great number of empty front benches.

I have these election promises on record, and let me remind Members on that side of the House that the farmer of Canada does not forget these promises as quickly as Members on the front benches of this Government have forgotten them. In the event you challenge me as to the accuracy of these promises, I shall give you the authority upon which I have relied. One of them is none other than that gentleman who was the agricultural spokesman for the Liberal party when they were in opposition, that gentleman who as the result of election fortunes in Assiniboia did not get back and is now the Liberal organizer in Saskatchewan. That gentleman has made these and similar statements throughout Manitoba. He made them in my riding, and I refer particularly to to the one from which I quoted, which he made in Springfield.

Let me refer to those statements made by the Minister of Agriculture (Mr. Hays) regarding prosperity on the farm. The Minister gallivants around the country telling everyone about increase in gross farm incomes.

Perhaps gross incomes are up, but what has happened to net incomes, that is what I want to know. Has the Minister of Agriculture ever worked out what net incomes are after the farmers have paid out their expenses? It is my understanding that the farmers are even more firmly held by the cost price squeeze. According to the Minister of Agriculture the farmer is not important. He is a forgotten man as far as this Government is concerned. He is the man responsible for providing food for the world. He does not observe a 40-hour week. He must fight the elements continuously, and continuously fight the Government. He has a formidable task when fighting this bankrupt Government.

What has happened to the price of eggs during the last two years? Those gentlemen who now sit in the front benches on the other side of this House, when in opposition promised regional price support. They promised the poultry farmers price support on eggs. Last Christmas when I was back in my constituency the farmers there were selling eggs for as low as 12 cents a dozen. That does not mean that the consumer was paying any less for them. The consumer was paying the same price for eggs and someone else was receiving the benefits of the price spread. Apparently that is of no concern to this Government.

The Canadian consumers of agricultural products asked for a royal commission to be set up to investigate the price structure on eggs. What answer did that organization receive? I do not think it received any answer.

What has happened to the price of beef to producers? In 1963 after the Liberal Government took office the price of beef to producers dropped. In 1964 this price dropped on an average of five cents per pound. One can imagine the effect of that price drop on a thousand pound steer, particularly to a small producer. It makes quite a difference as well to the operations of a large cattle producer.

What has happened to the price of pork? The price of pork has gone down, as far as producers are concerned, since this Government took office. What has happened to the price of wheat?

An hon. Member: How about turkeys?

Mr. Mandziuk: We must not forget what has taken place in respect of the turkey industry. The Minister of Agriculture announced that the Government intended to reinstitute a tariff on turkeys. This announcement came after this Government practically ruined the turkey industry in Canada by taking off the quota on turkeys imported from the United States. The Government in fact allowed turkeys to come into Canada from the United States, without restriction. The turkey producers there were quite happy to ship turkeys to our market. Those producers made a great deal of money in this way and almost ruined the turkey producers here. The Government then announced a tariff on turkeys, probably as a result of the smell of election smoke. I do not know what prompted them to change their mind—perhaps it was deathbed repentance—but a tariff is now to be placed on turkeys from the United States.

What has happened to the price of wheat? Both the Canadian Federation of Agriculture and the National Farm Union have been deeply concerned about the drop in the price of wheat. Who is responsible for lowering this price? It was not lowered as a result of world markets, but because of Canadian policy. This Government must accept the blame in this regard, not the Wheat Board. This Government is happy to accept the credit for something the Wheat Board has accomplished, but in this case it must accept the blame for lowering the price of Canadian wheat.

An hon. Member: That is not so.

Mr. Mandziuk: You must accept the blame in this regard.

An hon. Member: Not me.

Mr. Mandziuk: I am not pointing at you, I am pointing at the empty Government benches, which are empty I suggest because the Ministers do not like to listen to these facts. Everyone is perfectly aware of the fact that when Canada lowered the price of wheat, the United States authority followed suit. Every wheat exporting country followed this action on the part of Canada.

I am sure everyone in this House appreciates what the Conservative Minister of Agriculture did under similar circumstances. He held the line and we sold our wheat. If it were not for the windfall in relation to the sale of wheat to Russia, where would the Canadian wheat farmer be today? Hon. Members will recall that the Liberal Party promised two Ministers of Agriculture.

An hon. Member: We have not even got one.

Mr. Mandziuk: I believe that we have three Ministers of Agriculture. The hon. gentleman who carries the name has nothing to do with agricultural problems. All his responsibilities have been divided up among three Members of the Liberal Party; yet only from time to time do we have the pleasure of seeing one of those gentlemen here.

The hon. gentleman who has the name of Minister of Agriculture says that farmers do not require acreage payments. He has made that statement in Saskatchewan. He has referred to these payments as peanuts. I know as a result of speaking with the farmers in my constituency, and I am sure all other representatives of farming areas will agree, that those farmers would like to obtain some of these peanuts. The Minister of Agriculture says that agricultural conditions have so improved that these acreage payments are not necessary.

• (4:20 p.m.)

Again I can only suggest that this Government is suffering from a bankruptcy of ideas. I should like to read from an article which appeared in an October, 1964 edition of a newspaper, regarding a statement made by the Minister of Agriculture at Falher, Alberta. The headline is "Hays Praises Former PC Govt. for Concern on Farm Problems." We appreciate honesty once in a while. I should like to put on record what this article states was said by the Minister of Agriculture, so that everyone will know just how bankrupt this Government is as far as ideas and programs which will move today's economy forward are concerned. I suggest this Government has done nothing more than to carry on with our policies, although it promised to improve on them. This Government said that it would push the economy forward within three or four years, but what are supporters of this Government going to tell the people of this country when they go out on the hustings this fall or next spring? When they go on the hustings this fall or next spring, are they going to tell the country another pack of lies? They are apt to. Here is what the Minister of Agriculture (Mr. Hays) says:

Agriculture Minister Harry Hays has criticized the former Liberal administrations and commended the Progressive-Conservative Government for its concern on farm problems while it was in office.

Very commendable.

Mr. Hays...told a meeting sponsored by the Farmers' Union of Alberta that Canada and the Liberal Party needed a change when the Conservatives were elected in 1957.

[Mr. Mandziuk.]

May I interject that I think Canada needs a change again.

An hon. Member: You will have a new leader pretty soon.

Mr. Mandziuk: The article continues:

"I think...the last Liberal government deserved to be kicked out when it was."

What a kick they will get again.

He said the present Government has continued the agricultural policies started by the Conservatives.

Sir, they are continuing these policies that they smeared, downgraded, laughed at and slandered because they have none of their own, and furthermore because they know that the Canadian farmer is not going to stand for any tampering with Conservative policies which improved agricultural conditions. I should like to read an extract from an editorial in the *Western Producer* of April 2, 1964, a good farm paper. It quite frankly says:

We're interested in policies, not parties.

That is quite correct, or at least I will take their word for it.

We have consistently stated that Tory farm policy, as it developed up to last year, was a good start in the direction of the kind of policy we needed. In fact, we urged Mr. Pearson's new Government, in an editorial last May 2, not to get too far away from it.

They promised improvements, but where those improvements are only the Lord knows. We know that when the farmers' organizations came to Ottawa they were deeply concerned about the increase in steel prices, because it will increase the price of everything made out of steel. The farmer is a large consumer of steel products, starting with his high priced farm equipment right down to an ordinary hammer, saw, and nails. What has the Government done? Do you see anything amongst the 58 items of business proposed in this long Speech from the Throne which would indicate that the Government has in mind the controlling of steel prices, just as the United States President did several years ago? Oh, no.

These farm organizations asked that the Government subsidize wheat exports to give the farmers $2 a bushel for their wheat. They kindly reminded the Government of their election promise, but there is nothing in the Speech from the Throne in this regard. The National Farmers Union expressed concern over crop insurance, a revision of the Prairie Farm Assistance Act, unemployment insurance for farm labour and requested a royal commission on the farm implement industry.

The prices of farm implements have been going up every year, and with the increase in the price of steel they will continue to go up.

Mr. Nasserden: And there is also the 11 per cent sales tax.

Mr. Mandziuk: Oh, yes. The Government is trying to forget that. It is a revenue bearing item which will help them to have a balanced budget but they do not even give the farmer peanuts. Let the farmer go to—well, I will not say the word because it would not be parliamentary.

When we were in power we set up a House Committee to investigate the prices of farm implements. When the Liberals took office they took no steps to re-establish this Committee which had accumulated a great deal of information. A large number of briefs were presented to it by the farm implement manufacturers and farm organizations. Why did they not pursue this matter further and arrive at a solution of some kind? Oh, no. They take pride in the level of gross income of farmers, but I think it was the hon. Member for Medicine Hat (Mr. Olson) who proved that the net income of farmers is down. It is going to go down further because the price of wheat has gone down. What is the government going to do about the situation? They have produced a long Speech from the Throne with 58 items but they are not concerned about agriculture.

An hon. Member: It is a record.

Mr. Mandziuk: Yes, it is a record. I do not think anybody can beat it. They are more concerned about a flag and about a new national anthem for Canada. We are going to sing "O Canada" whether or not it is on the statute books and we would love to sing it whether or not it is on the statute books. Why is the Government going to waste the time of the House to put it on the statute books?

An hon. Member: You are going to filibuster.

Mr. Mandziuk: We are going to have something else. We are going to have another royal commission to try to find out whether Canada needs an Ombudsman. Canada needs an Ombudsman as much as she needs a hole in the head.

Mr. Bigg: We need an alert Parliament.

Mr. Mandziuk: If we have a proper Government and proper administration of the law, then with 20 million intelligent Canadians we are properly protected by the law. We do not need an Ombudsman. I do not know whether I am pronouncing "Ombudsman" properly; I do not think it is an English word. It must be an import from Asia or some place else. Nevertheless the Government intends to establish a royal commission.

We have had experience with one royal commission, the "buy and buy" commission, or B and B Commission. It started with ten members at $100 each a day. That was not too bad; but do you know what it has snowballed into? One hundred and fifty people; because every secretary needs a secretary, and the second secretaries need secretaries, all the way down the line. Do you know what they have done? I am glad that the Prime Minister (Mr. Pearson) has agreed with me and my colleague, the hon. Member for Mackenzie (Mr. Korchinski), with regard to the silly task they undertook—

Mr. Pepin: Have you got something to hide?

Mr. Mandziuk: —which involved putting Members of Parliament through the wringer by asking inappropriate questions. I agree with the Prime Minister that you cannot dictate to a royal commission as to what it should do, and that they must work within their terms of reference. However, I believe that the Government and the country, which pay for these royal commissions, should put a check on some of these investigations. This commission may not be going to carry out these investigations of the thinking of Members, but they might start another search to find out what the ethnic groups in Canada eat. They might try to find out whether the Italians still love pizza pie.

The Acting Speaker (Mr. Batten): Order. I must interrupt the hon. Member to advise him that the time allotted to him has expired.

Some hon. Members: Carry on.

Mr. Mandziuk: I just want to finish this statement.

The Acting Speaker (Mr. Batten): Does the House give unanimous consent for the hon. Member to continue?

Some hon. Members: Agreed.

Mr. Mandziuk: Thank you. I am not going to take much more time. They might check to see whether the Danes in Canada still love Danish pastry, if the Ukrainians love their borsch, the Scots their haggis, the Germans their sauerkraut, the Hungarians their goulash, the Icelanders their hongiket. And if you do not know what that means, it is smoked

mutton. The taxpayers will be paying for all this. Favourite foods are a part of everyone's culture and they have contributed them to the new Canadian culture that is growing up. I know that pizza pies are eaten by more than Italians, that borsch is a favourite of the Scots, Irish and English.

• (4:30 p.m.)

An hon. Member: And chop-suey.

Mr. Mandziuk: Yes, and chop-suey. If you do not check these royal commissions, they are going to dig into these things at your expense. They are already costing a million and a half, and they will cost another million and a half. How is this going to give them an opportunity of recommending to the people of this nation how to solve the problems that exist between the two founding people and the ethnic peoples and teach them to live together, to be integrated into one group of Canadians?

I wish to thank the House for giving me the opportunity of making these few remarks.

[*Translation*]

Mr. Lucien Plourde (Quebec West): Mr. Speaker, at the outset of these remarks, I should like, according to practice, to offer my congratulations to the mover, the hon. member for St. John's West (Mr. Cashin) and to the seconder, the hon. member for St. Maurice-Laflèche (Mr. Chrétien) of the address in reply, who discharged their task conscientiously and who carried out properly their duty which is to put forward the views of the government.

As for me, not being a member of the Liberal party, I might be allowed to differ as to the goals and objectives pursued by the policies set forth in the speech from the throne and also as to the means proposed by those two government spokesmen.

I should also like to refer to a certain part of the speech made by the hon. member for St. Maurice-Laflèche when he discussed the exodus of the graduates from Quebec technical institutes.

> The exodus of our young graduate technicians, well prepared for a technical career, was a tragic thing. May I point out, he said, that in 1961, while I was teaching graduates at the Technological Institute of Shawinigan, ten students only out of 100 intended to remain on the local labour market.

Such a statement, Mr. Speaker, means that the hon. member for St. Maurice-Laflèche, as teacher at the Shawinigan Technological Institute, must assume his share of responsibility for such a situation.

It was not the fault of the students and graduate technicians if they ended their studies with a stock of knowledge that did not enable them to find employment in their own working area.

They cannot be blamed for the programs not being adapted to the conditions of the local labour market. It is not their fault if the Shawinigan Technological Institute did not train young metallurgical technicians for the aluminum plants at Shawinigan; they cannot be blamed if the programs did not train technicians for the chemical industries in Shawinigan; they can neither be blamed if the Shawinigan Technological Institute did not train technicians for the pulp and paper industries in Shawinigan, Grand'Mère and La Tuque.

The fault cannot be placed on the shoulders of the graduates of that institute, but on those whose duty it was to train competent technicians the district required and prepare programs suitable for the working and employment conditions in the Shawinigan district.

The responsibility rests with those whose duty it was to prepare those programs, namely the directors of those institutes, the authorities in charge of specialized education in the province of Quebec and the whole teaching body to which belonged the hon. member for St. Maurice-Laflèche; they were the ones who should have advised those in charge of preparing the programs.

In this regard I must say, Mr. Speaker, that the results of a survey of professional and technical teaching in the province of Quebec show that the teachers themselves—most of whom were former graduates of those technological institutes who had never visited a plant and, therefore, could not know the needs of industry—were incompetent and inefficient at training qualified technicians capable of meeting the needs of industry in their respective districts.

Mr. Speaker, the speech from the throne makes a great play about the fact that Canada must wage war against poverty and makes it clear to us that we must get behind such a fight.

It is as if we were asked, Mr. Speaker, to take a stand against alcoholism, crime or sin.

Everybody is against poverty. Everybody wants to do away with it. Everybody, the Creditistes to begin with, wants for our families and their members a decent living. Everyone wants for our people reasonable and paying salaries and wages. Everyone wants education and training to be made available to our youth, in keeping with the

economic and cultural needs of our times. Everybody would like to see want and illness disappear from our homes.

Everybody would like farmers to earn a decent living on their farms.

We all agree about that. Everybody including members of all parties, will endorse the government proposal for an intensive fight against want, poverty, illness and ignorance.

But if we are all agreed about the necessity of removing poverty from our homes, and providing a decent living to all, we disagree about the means to attain this end.

Those who are steeped in materialism and collectivism and who would like to make the individual subservient to a party, a class or the state will try to deprive the individual of his most important asset, freedom, and put forward some measures to depersonalize the individual, to make him lose his dignity and forget the purposes of his existence.

On the contrary, those who believe that man, as stated in the American Declaration of Independence, has an inalienable right to life, freedom and the pursuit of happiness, should see to it that, as stated by John XXIII in *Mater et Magistra,* and I quote:

—precautionary activities of public authorities in the economic field, although widespread and penetrating, should be such that they not only avoid restricting the freedom of private citizens, but also increase it, so long as the basic rights of each individual person are preserved inviolate. Included among these is the right and duty of each individual normally to provide the necessities of life for himself and his dependants.

No step detrimental to the freedom of the individual should be taken to fight poverty of the individual or the family.

Any step taken to raise the intellectual and professional training level of young men and women or adults should respect their freedom, the freedom of their parents or the freedom of lower levels of government such as provincial or municipal governments or school boards, or organizations whose rights supersede those of the central state in the field of training and education.

Any step taken to improve health standards should not be imposed without respecting the freedom of the individual and the autonomy of the provinces in that area.

Any step taken to help farmers should not place them in a strait-jacket, remove or limit their right to ownership and should not replace the prior right of the provinces in this field.

No measure for the development of natural resources should run counter to the purposes for which natures assets exist and to the aims of industrial organization.

Now, the object of industrial organization is to produce as cheaply as possible the goods required to meet the consumers' needs. Industrial organization is not meant to provide employment, but goods and services. Consequently, when policies implemented by governments are aimed at and succeed in reversing the order of ends and means, such policies are bad, harmful, and have no place in a federal system like ours.

To conclude this part of my statement, the centralizing policy advocated in the speech from the throne—and which the hon. member for St. Maurice-Laflèche described as a collectivist policy—ought to be rejected because it runs counter to the particular autonomies at the various government levels in this country.

It is not by adopting centralizing measures that the most complete development of the human being will be ensured, but through measures making the individual more and more free and able to free himself with the help of institutions of his own making.

However, there are certain goods or means which can only be made available to every member of society through state intervention: currency and credit.

The creation of money has always been a royal, a state prerogative. And it is due to a certain mental aberration that governments have waived their right of controlling money and credit.

In Canada and in Quebec nowadays, the creation of credit is left to the discretion of a small number of private individuals and organizations. Today in Canada, the creation of money has become the prerogative of some financiers who in this way happen to control the very lifeblood of social and economic organization.

As the Creditistes explained on several occasions, private citizens or organizations should not be allowed to create money and credit, because money and financial credit, which must reflect the real credit of the country, rightly belong to all those who contribute to the production of goods and services.

Therefore, if the community produces a certain amount of goods and services wanted by the consumers of whom that community is composed, the amount of money or credit placed at the disposal of the community must be equal to the amount of goods and services produced.

I will go further. In order to make possible the production of a certain amount of goods and services wanted by consumers, if the members of society as producers want and are able to produce this amount of goods and services, money and credit which make possible the creation of this amount of goods and services must be given to the community before hand. This is what is called "credit advances".

But if there are some classes of goods which are of a private character, the production of which is likely to produce benefits and profits and which, consequently, justify a payment of advanced or loaned credit, on the other hand there are other classes of goods which are mere services given by society to itself, mere services which do not produce benefits nor profits.

For instance schools, universities, hospitals, roads, highways, waterworks, streets, sidewalks are not private assets but public assets, because their purpose is to serve society as a whole; they cannot be monopolized in the hands of a few, and they are meant to provide for the well-being of society, to favour the weal and, consequently, to serve all human beings.

Since public capital must not bring in dividends and profits, since public capital is only used for the production of goods intended for the community as a whole, it is obvious that this capital must be made available to the community interest free.

This is, therefore, the efficient part the Bank of Canada must play in this field. Therefore, the government must deny private institutions the power to create credit and give back this power to the only agency fit to create credit free of charge for the community as a whole.

That is why we say that the Bank of Canada should make available to the federal and provincial governments, to the municipalities and the school boards under their jurisdiction the money they need to finance universities, schools, libraries, waterworks, sewers, highways, streets, sidewalks, hospitals, recreational centres, etc.—we could continue this enumeration till tomorrow morning—as long as these public capital investments are materially possible and there are needs to be met.

Now, there are in Canada hundreds of thousands of unemployed; there are plants which are not operating at full capacity; there are plenty of raw materials and other materials.

[Mr. Plourde.]

The needs are there also. The medical schools of the University of Montreal and Laval University, in Quebec City, had to refuse 600 young people who had prepared for 15 years to become doctors; the agricultural school of Ste Anne de la Pocatière, in the province of Quebec, had to refuse many rural youths who wished to learn rational farming.

Why? Because these institutions lacked space, and money to provide more space. We need a humane and orderly economy. A government convinced of its responsibilities toward society would endeavour to provide the necessary public capital to meet these needs.

Such a policy, providing public capital without interest, would bring about certain results.

It would allow, for instance, a reduction in the ever-increasing costs of the public debts of our different governments. The reduction of interest payments on public debts would enable governments to reduce taxes, and thus increase the purchasing power of families and of individuals.

That is why we, of the Ralliement creditiste, are calling for legislation which will permit the provinces to use their real credit as they please, according to the needs of their citizens so that the wholesome and useful things which could benefit the people may be made available to them.

There is another thing the Ralliement Creditiste calls for, and it is to allow the provinces to control their own trade.

Mr. Speaker, the members of the Ralliement Creditiste are not the only ones to regret the evil effects of the control of trade on the part of the federal state. Here are two examples:

At the federal-provincial conference of November 1963, the premier of British Columbia, Mr. Bennett, said:

> British Columbia urgently asks the Canadian government to revise as rapidly as possible the national tariffs. Measures conceived to protect manufacturing industries in central Canada at the expense of other provinces must be cancelled as soon as possible.

And he added:

> Canada's tariff policy protects manufacturing industries in Quebec and Ontario. Consequently, the British Columbia consumers must pay a higher price for their consumer goods.

Another authorized spokesman for the prairie provinces, Mr. Charles Gibbins, president of the Saskatchewan wheat pool, also stated the problem in the following terms

before the Canada-Japan Trade Council on October 15, 1964.

After noting the Canada wheat sales to Japan and the possibilities opened by Japan to western farm products, Mr. Gibbins stated that the high tariffs and the quotas laid down by Canada against imports of Japanese products impaired our grain exports. He added:

> Only 8 per cent of Canadian imports of textiles come from Japan. Only 4 per cent of our imports of various goods come from the same source. In fact, Japan supplies only 2 per cent of our total imports.
>
> And yet, Japan is requested to make sacrifices in order to enable some of our marginal industries to continue to deteriorate. That is expensive for us all. We pay more for those goods which we could buy from Japan if that country was given a reasonable access to Canadian markets. We place a most heavy burden on a very good customer, so much so that Japan must wonder how long it will be able to continue buying from us.

So, Mr. Speaker, it is obvious that the control of Ottawa on our international trade is not satisfactory.

Canada is too large geographically; its production is so diversified that tariff measures likely to help an area of Canada cannot but be to the disadvantage of another.

For instance, if easier access to Canadian markets were provided for Japanese textiles so as to reduce the cost of living in certain parts of Canada, the textile industries in Montreal, St. Gregoire de Montmorency, Drummondville, St. Hyacinthe, Granby, Magog and Sherbrooke, in the province of Quebec, would automatically bear the brunt of that new policy. Thousands of workers would be laid off and hundreds of families would suffer hardship.

Consequently, Mr. Speaker, the Ralliement Creditiste is justified in demanding that the provinces have control over local and external trade. It is not that Quebec seeks to put up tariff barriers between itself and the other Canadian provinces, because it could make with them trade agreements similar to those prevailing between members of the European community, the common market.

However, Quebec could have more effective control over its import and export trade with foreign countries. It would thus be in a better position to meet more adequately the needs of its population, taking into account the goods and services with which it could provide that population through its production and its trade with other countries.

Therefore, Mr. Speaker, the Ralliement Creditiste will keep asking for a federal-provincial conference to amend the Canadian constitution for the purposes I have just indicated.

Consequently, I want to move an amendment.

An hon. Member: Out of order.

Mr. Plourde: Mr. Speaker, I move, seconded by the hon. member for Roberval (Mr. Gauthier):

> That the following words be added to the address·
>
> We regret that Your Excellency's advisers have failed to propose a measure to exempt from income tax any Canadian married or with dependents who earns less than $5,000 a year and any single Canadian who earns less than $2,500 a year, and therefore no longer enjoy the confidence of the house and the Canadian people.

• (4:40 p.m.)

[*Text*]

The House divided on the amendment (Mr. Plourde) which was negatived on the following division:

YEAS

Messrs:

Beaulé	Latulippe
Bigg	Lessard (Lake St. John)
Boutin	McIntosh
Cadieu	Millar
Clancy	Muir (Lisgar)
Dionne	Nesbitt
Enns	Perron
Forbes	Plourde
Gauthier	Rhéaume
Grégoire	Rondeau
Horner (Acadia)	Simpson
Horner (The Battlefords)	Southam
Kindt	Starr
Korchinski	Vincent
Langlois	Webb
Laprise	Woolliams—32.

NAYS

Messrs:

Armstrong	Deachman
Badanai	Dinsdale
Balcer	Douglas
Basford	Dubé
Batten	Émard
Béchard	Ethier
Benidickson	Fairweather
Benson	Fane
Blouin	Flemming (Victoria-Carleton)
Brewin	Francis
Cadieux	Gelber
Cardiff	Gordon
Cardin	Grafftey
Caron	Granger
Carter	Gray
Cashin	Greene
Chrétien	Guay
Churchill	Gundlock
Coates	Habel
Côté (Longueuil)	Hahn
Cowan	Haidasz
Crouse	Hellyer
Crossman	Herridge
Cyr	Howard
Danforth	

Howe (Hamilton South)	Mullally
Howe (Wellington-Huron)	Nasserden
Jorgenson	Nicholson
Kennedy	Nixon
Klein	Nowlan
Knowles	Nugent
Konantz, Mrs.	Olson
Lachance	Ormiston
Lambert	Otto
Lamontagne	Pascoe
Laniel	Patterson
Laverdière	Pennell
Leboe	Pepin
Legault	Pickersgill
Lessard (St. Henry)	Pilon
Lloyd	Prittie
Loiselle	Pugh
Macaluso	Rapp
Macdonald	Regan
MacEachen	Rideout, Mrs.
MacEwan	Rinfret
Mackasey	Robichaud
MacLean (Queens)	Rochon
MacNaught	Rock
MacRae	Ryan
McBain	Scott
McIlraith	Sharp
McMillan	Stefanson
McNulty	Stewart
McWilliam	Tardif
Martin (Essex East)	Temple
Martin (Timmins)	Thomas
Martineau	Tucker
Mather	Walker
Matte	Watson (Assiniboia)
Moreau	Webster
Morison	Whelan
Muir (Cape Breton North and Victoria)	Winch
	Winkler—126.

• (5:20 p.m.)

Mr. Deputy Speaker: I declare the amendment lost.

[*Translation*]

Mr. Jean L. Rochon (Laval): Mr. Speaker, it is customary for a member taking part in the debate on the speech from the throne to congratulate the mover and the seconder of the address. The speech from the throne gives the people of Canada an idea of the legislative program to be submitted to both houses in the days ahead.

Our two colleagues, the hon. member for St. John's West (Mr. Cashin) and the hon. member for St. Maurice-Laflèche (Mr. Chrétien), were worthy of the confidence placed in them and everybody appreciated the moderation and seriousness of their speeches. They succeeded in emphasizing the truly national democratic spirit of the government of our country.

They have stressed the social aspect which we will be considering and they should be commended for having placed the higher interests of the nation above cheap politics. In doing so, Mr. Speaker, they represented with

dignity their voters; they represented with dignity this great Canadian who is our leader, the Prime Minister of Canada (Mr. Pearson); they represented with dignity the holder of the Nobel prize for peace; they represented with dignity the one who, because of his courage and his indomitable willpower, personified the soul of our people in a flag and who, tomorrow, by means of our own national anthem, will tell the whole world:

> O Canada, terre de nos aïeux
> Ton front est ceint de fleurons glorieux

It is also customary, in the debate on the address in reply to the speech from the throne, to pay tribute to one's constituents. I would be remiss in not doing so and in not thanking publicly all those who gave me the largest majority of anybody in this house. Therefore, my most sincere thanks to the electors of the third largest riding in Canada, whose various classes of people are truly representative of the aspirations of every group in this country, be it that of the farmers, the city workers, the manufacturers, the businessmen or the professionals. It is my duty to thank them and, as their member, not to forget that, as the seconder of the address pointed out, before being a Liberal, I must stand for national unity, for this strength of which Sir Wilfrid Laurier said, at the beginning of this century:

> Thanks to the goodwill and the enlightened patriotism of everyone, the twentieth century will belong to Canada.

This prophesy of a great statesman has come true, but this wonderful reality could become still more actual if it were possible to forget, or rather settle our differences; if the rights of minorities were respected and if an attempt were made to find a form of agreement among the provinces which would enable everyone of them to play its full part to enhance the fame and the greatness of our country.

In the last few years, the advantages of co-operative federalism have been felt. Certain people, steeped much more in petty politics than in true and sincere patriotism, have decried that theory, but its results are there to prove its worth.

Following Federal-Provincial meetings, compromises satisfactory to each party were reached, and immediately the beneficial results of those discussions, of this co-operation with the federal government, were felt. It was realized that all were equal partners, that what could be obtained was not a mere handout, but a right recognized to everyone.

With a thorough understanding of its role, the present Liberal government proved that it was worthy of its past achievements. It pursued its social assistance program without paying attention to the malicious remarks of those whose only ambition is to return to office, even if in so doing they smear and blacken reputations. It forged ahead, and today as in the past, it advocates a comprehensive social program.

The Leader of the Opposition (Mr. Diefenbaker) sees in it worn-out measures borrowed from other countries. But what does it matter, Mr. Speaker, if those worn-out measures can erase poverty from our country, if those measures borrowed from other countries can produce the wonderful results achieved by the American peace corps, dreamt about by one of the greatest figures of our times, the late President Kennedy of the United States.

After the Prime Minister's masterful speech last Tuesday, after his clear and precise outline of the steps that should be taken to fight poverty, needless for me to repeat what he said and what others, ministers as well as members said also when they dealt with help for the sick, for those who are obliged to change jobs because of automation, for the farmers in eastern as well as western Canada, who talked about the creation of a Canadian dairy commission, a public assistance program at the federal level, and help for those who cannot benefit from the Canada pension plan. They knew how to explain the government's views, show the social scope of those measures and the benefits that will be derived therefrom when they have been passed by parliament. There is no need for me to do that.

However, I would like to stress one point which struck me and which meets so well one of today's most pressing needs, namely help for young people.

Provincial governments, through their department of welfare, do a lot and those which, like the government of Quebec, have a department of education allocate huge sums of money for the education of our young people; parish organizations set up recreation centres because it is a well-known fact that a clear mind needs a healthy body. Everyone is agreed that we must allow our young people to assert themselves, that we must allow them to spend their energies for the good cause, that we must prepare them for the role which will be theirs tomorrow. Therefore, the federal government, without interfering with any provincial right, intends to introduce legislation to help them.

Mr. Speaker, I represent one of the most heavily populated constituencies in Canada; several of the great teaching institutions of the city of Montreal and its northern suburbs are located there—teachers' colleges, classical colleges, high schools as well as grade schools. Thousands of young people study there. Therefore, you will understand why I welcomed the announcement in regard to the establishment of a company of young Canadians, through which the energies and talents of youth can be enlisted in social and economic projects, both in Canada and abroad.

I have applauded this beautiful and noble deed on the part of this government. On reflection, an idea flashed through my mind; I thought of another deed that would be equally beautiful, great and noble. Why would not these talented young people channel their energy toward a social achievement which might take the form of an investigation to eliminate an evil that poisons the soul of our youth, cripples and numbs too many of these young brains who could do so much tomorrow when the time comes for them to take over.

You realize, Mr. Speaker, that I am referring to certain radio and T.V. programs, to certain publications through which immorality and sexuality find the doors of our homes wide open.

However, I would not want to make a blanket condemnation—and nobody would take me seriously, if I did—because to condemn these marvellous media of popular education such as radio and T.V., would be condemning everything that modern science and human genius have achieved that is beautiful and great in this world. I would not think of it.

• (5:30 p.m.)

Everybody realizes that in this atomic and space travel age, one needs much more training than in the past and that to keep up with progress, one has to be familiar with modern techniques and methods of self-improvement. Apart from schools and teachers, where could we find, to provide us with such methods and techniques—to open up our minds to the unlimited horizons of the world—anything better than radio and television? However, as anyone may have noticed, what should be used only for the good of humanity can one day become a pernicious instrument and be put to work for evil purposes. As I said a while ago, Mr. Speaker, that is where I felt educated young people could exert a healthy influence.

After investigation, they could examine the problem and suggest the most efficient ways of eliminating this evil. What a fine social undertaking and what noble action on the part of the government who would bring this about.

Our young people are not bad, far from it; they have to be guided; their enthusiasm must be directed toward a just cause; they are imbued with ideals; we could spare them difficulties and give them the opportunity to assert themselves in allowing others of their own age to devote their energy and their talent to their service. This is a thought that occurred to me. Why would it not come through?

May I, Mr. Speaker, deal with a question of current interest? The quiet revolution going on in the province of Quebec, which, in 1867, agreed to become a partner in confederation, accepted its responsibilities but expected its rights to be respected.

During the last debate on the address in reply, in February 1964, I dealt at great length with that matter; I recall the statement made in the house in 1865 by one of the fathers of confederation, Sir Georges Étienne Cartier, and I quote:

> The delegates who will go to England will not accept any decision from the imperial government unless it is one based on the resolutions passed by this house and they will bring back no others.

And apart from guaranteeing the preservation of our language and our faith, the main resolutions also guaranteed Quebeckers that they would be considered equal partners who would take a full part like their English-speaking fellow citizens, in the country's economic, social culture and political development. The federal system did much for the emancipation of our country. We are now a great nation which is listened to and respected. Every province had a share in it, Quebec as well as the others, but unfortunately, Canada was too long considered as an Anglo-Saxon country, which has obliged us, from Quebec, to fight for survival.

For too long they have forgotten to treat us as equals, for too long they have forgotten that we were partners, so much so that we felt and unfortunately we still feel too often, that we are strangers in our own country. It is true that we had to fight for our survival, but those days are gone now. The province of Quebec became conscious of its value, and particularly of the part it can play within confederation, and this government, more than any other, endeavoured to make it clear to Quebec. It endeavoured to direct its action towards the union of all men of good will and, as one of our historians said last year:

> Let us recognize that the Prime Minister of Canada has a fine quality; as a diplomat, as a Canadian who thinks of national unity before everything else, he strives to make it clear that throughout discussions among the different groups of people, Canadians should show themselves more realistic and less emotional.

• (5:40 p.m.)

[*Text*]

If we would only be willing to forget our differences of opinion and try to join in our efforts, how much more beautiful and great a nation we could build.

And, as a professor of McGill University stated, in his report to the Laurendeau-Dunton Commission, "English speaking as well as French speaking are faced with a problem of national unity", which should be resolved so that all inferiority complexes would disappear into Canadianism. And, according to that professor, the majority of our English speaking compatriots are doing their utmost to understand French Canada.

If Quebec seems, at times, to be the only Province changing in recent years, we should remember that industrialization in all the English speaking Provinces, as well as in Quebec, has totally changed the face of our country. So, instead of losing precious time in sterile discussions, instead of trying to destroy one another, why not try to understand each other and reach our goal—a great Canada—a great nation.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Rochon: Borrowing from Hon. Mr. Chevrier, our high commissioner in London, an idea which he developed last week before the Royal Commonwealth Society, if I may use his words, Mr. Speaker. It has been realized throughout the world that the quiet revolution which is now taking place not only in Quebec but in the whole of Canada, has caused almost everywhere a great deal of soul-searching. It has been inferred therefrom that in order to save the unity of the country, we ought not to listen to extremists, either English or French separatists, either English or French nationalists, but rather to develop in understanding and mutual goodwill the biculturalism and bilingualism movement promoted by one of the great fighters for Canadian unity, our leader, the Prime Minister of Canada.

[*Text*]

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: Before calling on the hon. Member for Digby-Annapolis-Kings and since the House is not rising at six o'clock, hon. Members may like to know what the program will be at ten o'clock tonight. It is as follows: the hon. Member for Kootenay West (Mr. Herridge): Agriculture—British Columbia—request for long-term loans to tree fruit growers; the hon. Member for York-Humber (Mr. Cowan): administration of justice—preparation of pamphlet on capital punishment; the hon. Member for Vancouver-Burrard (Mr. Basford): Canadian Broadcasting Corporation—Vancouver—possible use of former R.C.A.F. base.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session.

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, it is a convention of the House on occasions such as this to pay tribute to the mover and seconder of the Address in Reply. Although it is a conventional expression of tribute, yet in the years I have been here I have never known it to be merely conventional. It has been well earned on every occasion, and certainly this applies to the mover and seconder of the Address on this particular occasion. They carried themselves excellently. They did a very good job. They were a credit to themselves, to their party and to the House, and I want to express my own congratulations to them on having performed a very difficult task.

Dealing with the Speech from the Throne in the very few minutes which are allotted to one, some 30 in this debate, it is impossible to cover many of the points with which one would like to deal. The Liberal Party in its election campaign of a year ago used a comic book, which had various sections with instructions, such as "colour them green." I think, Mr. Speaker, they must feel everybody in Canada is green if they accept all the statements contained in the Speech from the Throne.

Many years ago Marie Antoinette when she could not understand why people did not have bread, said, "Well, let them eat cake." In this case the cake would not be of the Government's making. The frosting would not be of the Government's composition but the results, if and when the Speech from the Throne is implemented, will in the great majority of cases be a numerous multiplicity of Dominion-Provincial conferences, and this is something on which I wish to comment.

Take the war on poverty, that grandiloquent phrase borrowed from President Johnson, the new manpower policies, the changes in ARDA, the Canada assistance plan, medicare, the agricultural policies and the constitutional question—as, if, and when dealt with—will all result in a very large number of Dominion-Provincial conferences; indeed will depend upon an interminable series of these conferences.

A Dominion-Provincial conference in itself is not a bad thing, but when you have a continuation of them to the extent that they enter upon practically the whole program which the government places before the House, it is a matter to which the House should pay more than passing attention.

• (5:50 p.m.)

I do not want to give any partisan criticism on matters such as this. I prefer to refer the House and you, Mr. Speaker, to a statement made by the non-Conservative partisan, Mr. Peter Newman of the Toronto *Star*, whose claim to fortune, if not fame was the publication of the book "Renegade In Power".

This is what he had to say with respect to Dominion-Provincial conferences. Dealing with this specific Speech from the Throne he writes:

> The massive intrusion into the economy suggested by the Speech from the Throne, will require fiscal and constitutional powers that Ottawa does not possess. It is clear that the details of most of the proposals will have to be hammered out not in the open forum of Parliament, but in the cloistered privacy of Federal-Provincial conferences.

Later in the same article he goes on to say:

> The Pearson Government has, as a matter of deliberate policy, down-graded the functions and the powers of the Federal Government. This being true, all of the legislative initiative cannot remain in the hands of Ottawa, no matter what brave new world it conjured up in the Speech from the Throne. The Liberals simply cannot have it both ways.

If they want a description—I think one might want some light reading, some amusing reading and, I think authoritative reading

about Dominion-Provincial conferences—I refer hon. Members to an article in the Montreal *Star* by one Mr. Leslie Roberts. This appeared on April 3. Mr. Roberts, as I think all of us know, is an active apologist for the Liberal Government. He knows the desires, the aspirations and the hopes of the Government. He has written and spoken for them in election campaigns and he writes for them in every article of his which appears in the press, directly or indirectly. In this particular article he was dealing with the political future of the Minister of Forestry (Mr. Sauvé). He was suggesting something of the future which might lie ahead of him and he based his prophecy on action the hon. gentleman took following the Dominion-Provincial conference which was held in Quebec last April, out of which grew the Canada Pension Plan. He described in some detail all that went on following that conference. He referred to it as a disaster of stunning proportions and he said:

> Through the early days in April, nobody in Ottawa seemed to know what to do next. People wrote notes, memoranda and briefs, and in Quebec, Lesage alternated between tempestuous rage and silent sulks.

Then the Minister of Forestry persuaded the Prime Minister (Mr. Pearson) to allow him to take matters into his own hands. The hon. Gentleman, accompanied by that brain-truster Tom Kent, went to the Prime Minister late one afternoon and said: We are heading for an unmitigated disaster and something must be done about it; will you authorize us to go to Quebec and see what we can do? So they went to Quebec. They met a prominent civil servant in the Government of that Province. Then there are details here with which I will not bore the house—how they registered at the Chateau Frontenac under assumed names, and so on. It has all the trimmings of plot and counterplot. Only the late Ian Fleming, creator of James Bond, agent No. 007, came near to matching what Mr. Roberts writes as to the activities of these gentlemen at this time. According to his article, conferences were held in a small hotel in Eastview. The Minister of Forestry and Mr. Kent conducted discussions in a men's room off the lobby. Out of these conferences and negotiations in men's rooms and hotel rooms, and under assumed names, grew the massive Canada Pension Plan.

That is the picture according to Mr. Roberts. It shows how Parliament can be denigrated in Dominion-Provincial conferences. If these policies are continued, if there is to be a multiplicity of Dominion-Provincial conferences, this House becomes a mere sounding board and Members of the House of Commons will certainly become nothing more than echoes of what is decided outside this Chamber, sometimes without even discussion between the various Departments.

Walter Stewart of the Toronto *Star Weekly* in a broadcast yesterday dealing with Dominion-Provincial conferences pointed out the menace presented by a multiplicity of conferences such as the Government proposes. He said that Government without representation is bad, but that Government without responsibility is much worse. I suggest to you, sir, that our whole system of responsible Government will not only be denigrated but will be so eroded and weakened that Parliament as a whole will have no more control of the public affairs of this country and that the Government will become only a sounding board for what is said at these Dominion-Provincial conferences.

John Meyer, financial editor of the Montreal *Gazette* said in one of his columns the other day, commenting on this subject of a war on poverty, that the idea was not original. I happened to be looking back the other day on some of the speeches made following the end of the second world war, and it is interesting to note the extent to which that is true. Mr. Meyer points out, in drawing a parallel between what was done then and what is proposed today, that when massive welfare programs were introduced following the Second World War the people of Canada were told at that time that these policies would end poverty; they were to end poverty and abolish it in this country. The fact that today after 20 years we find the Government of the day declaring a war on poverty would suggest that we did not eradicate it by those measures which were brought in at that time.

Poverty, I suggest, is not the result of any single factor. It is a combination of various element affecting different individuals in different ways. It is lack of health, lack of opportunity, lack of ambition, leading, in the end, to discouragement. Primarily perhaps it is lack of education. All these factors enter into poverty, and you do not eliminate poverty by moving people into better housing accommodation. This has been shown in the past. Very often people have been moved from poor housing conditions into better accommodation, but after four or five years the newer houses were in as bad shape as the ones they left. Neither do you cure poverty by pensions or handouts. Poverty is cured, I

suggest, in two ways; first by improving the educational system of the country, providing an education at least for our youth so that they can go forward confidently to earn a living in a new world; and second, by providing employment for the people. These two factors are the main factors to be considered in a war on poverty.

Several hon. Members have referred to the report of the Economic Council, *Economic Goals for 1970*. I was glad to hear this and I suggest it should be required reading for every Member of the House of Commons and, so far as possible, for Canadians generally. It sets very high goals for us and it says they can be attained. It says they have to be attained if we are to provide employment and even hold our own, let alone move ahead. It says this can only be done on the basis of a well trained labour force and population generally, and by an efficient productive system.

• (6:00 p.m.)

I suggest that the most important problem which this nation and this Parliament is facing today is that of education. It is a problem which is scarcely mentioned, except indirectly, in the Speech from the Throne. If we are to attain the goals which the Economic Council holds out for us, we must improve our educational system, a system which weighs heavily on the Municipalities, on the Provinces and on the Federal Government. It may be in the years to come that the increasing burdens which have almost bankrupted many of the Municipalities will be eased to some extent. The population explosion has just about run its course. Our youngsters in the primary and secondary schools may not need more school buildings but the cost of providing teachers and servicing the debt, however, will be with us.

The Economic Council of Canada foresees that the cost of education will increase from its present level of $2,140 million in 1963 to $3,180 million in 1970, which shows a yearly increase of 5.3 per cent. This is over-all educational cost. In the field of university education the Council envisages an increase of 16.4 per cent each year from now until 1970. I say to you that the most important problem facing the country today is not the provision of bigger and better pensions, not the providing of medicare and various other matters, all of which are good in themselves; unless we deal realistically with the educational problem with which the country is faced, then we are not going to conquer poverty. We are not even going to hold our own and consequently our economy will falter. Instead of improving our social security measures and increasing pensions we are likely to find our economy faltering, because we cannot maintain our economic development which the Council says is necessary and increase our efficiency and improve our competitive position in a rapidly shrinking world.

I do not want to be tagged with the label of being opposed to social security, because I am not. I approve of social security. In this country we have tremendous social security programs which all of us would like to see expanded in accordance with our means and other priorities. But I say with all the seriousness at my command that the time has come when we should stop, look and listen in regard to these continually expanding social security programs and decide on some evaluation. This decision should be made in this Chamber, in this Parliament, here. We must evaluate the various programs and challenges which have been thrown to us, and this should be done before we embark on any war on poverty or before we step further with some of these social security programs.

I say that the decision must be made here and it is easy to see why. We have a Dominion-Provincial conference, say, on health. Certainly the Federal Minister of Health responsible for the development of the program, and the ten Provincial Ministers of Health responsible in their own respective fields, will all welcome the additional moneys which may be made available. The same is true with social security and other welfare measures. You will find you get the approval of the Ministers representing the Provinces and the Minister representing the Dominion Government in their own particular fields; and when the matter is brought to this Parliament, then we are told that perhaps we are right in our criticisms and that the matter should have been deferred, that perhaps the Government should not have gone ahead with it. But then the Government will say that this decision had been made by a joint Dominion-Provincial conference and there is nothing the Government can do about it. We will be confronted with that situation. I suggest once more that the first responsibility of Parliament is not to initiate more welfare measures but to evaluate the ones we already have. We should consider the ones which we feel are necessary and have been recommended. We should choose

between them and have a concrete evaluation of them. All of this time we must bear in mind the overriding responsibility, in my opinion, of Canada going ahead with an ample and a proper educational system.

Having dealt generally with education I should like to refer to a specific problem in university education, because I have been talking generally. I think that the main burden of education will fall upon the universities. As I have said already, the municipalities have perhaps already met the challenge in the last few years, and through private capital facilities have provided schoolhouses and everything else. Further additions may not be required and it may well be that the municipalities will be able to hold their own.

In this regard I think particularly of my own province of Nova Scotia. I think, for example, of Acadia University. I have been associated with that university for many years and know it well. We have a large number of small universities in Nova Scotia. They are good universities, very good, but they are not state endowed, with the exception of the Nova Scotia Technical College and the Dalhousie medical and dental schools. All the rest of them depend upon gifts, meagre endowments, Government assistance such as we know it today, and unfortunately in many cases they suffer from continually increasing deficits. That is hardly the way a university should be financed. We have a peculiar and pressing problem in the Province of Nova Scotia in that almost 40 per cent—39 and something per cent—of the students attending universities there come from outside the Province of Nova Scotia.

There are various reasons for this, Mr. Speaker. To use an old cliché, we have to export our brains, and our graduates leave the Province. But when they are older they like to send their children back to their old university. In my case I have at least two sons with children whom they want to go back to Nova Scotia and attend Acadia University, and the same is true with a great majority of people from Nova Scotia. These colleges are small in these days of mass production factories—which are what some universities are—and these parents want their children to go to a small university. As I say, almost 40 per cent of our students are from without the province. Everybody knows how the grants are paid by the Federal Government to the universities; they are paid on a basis proportionate to the population of the Province. Nova Scotia is a Province which geographically is small, is relatively small in population, and the student grant is based on the total population of that Province with no regard whatever to the student population of the Province. I would suggest to you, Mr. Speaker, that that is not the proper way to administer these university grants.

I remember speaking to a distinguished gentleman who sat opposite me in this chamber at one time. He held a very distinguished position, and even at that time I had said something to this effect. He told me afterwards that he was inclined to agree with me, but that it was part of historical tradition that we had to maintain at least the appearance of provincial control; therefore the only way the Government could get these grants through the house, or the only way they thought they could get them through the House, and the only way they thought they could get the support of all the Provinces, was to keep it on a Provincial population basis. I did not agree with him on this point, and in fact the Government did not get the support of all the Provinces for quite a long while.

Mr. Regan: Would the hon. gentleman permit a question?

Mr. Nowlan: Yes.

Mr. Regan: I agree entirely with what the hon. gentleman has said, and some change should be made to recognize the situation of the Nova Scotia universities, but I would respectfully ask the hon. Member why, when he was Minister of Finance, he did not carry out this change himself?

Mr. Nowlan: Because the people of Canada did not have the good sense to leave me as Minister of Finance long enough to accomplish it.

• (6:10 p.m.)

This is a problem for the Provinces as well. I know it is well known to all of us that the Province of Nova Scotia is concerned and it is making large grants to Nova Scotia Universities. The same situation is in existence in the Province of New Brunswick. These governments are wondering whether they should continue to give grants for the support of students coming from all over Canada, or whether they should be limited in some way to those students emanating from those Provinces.

I would refer hon. Members to the Canadian Universities Foundation, an organization which represents all universities in Canada. From 1961 to the end of 1963, despite the

fact that these universities were all coming to Ottawa and asking the Government for more money as a result of their claim that they had to have substantial increases in grants, they said that the problem as far as the universities of Nova Scotia and New Brunswick were concerned was more acute, and urged upon the Federal Government to grant $400,000 per year to Nova Scotia Universities and $200,000 per year to the University of New Brunswick before providing increased grants to any other universities. In view of this attitude taken by the other universities, one does not have to urge this upon the Government, but I do suggest that if there is any validity to these arguments that these grants must continue on the basis of provincial population, then this recommendation of that association should be considered.

I should like to refer to the Atlantic Development Board which was created to develop the national resources of the Atlantic Provinces. This Board is doing very good work. It was instituted by that Government of which I had the honour of being a Member, and it has received the support of the present Government. I would suggest to the Government that, if it cannot pay out these amounts of money because of the population formula, then it might accept the recommendation of the Canadian Universities Foundation and have the special grants to Nova Scotia and New Brunswick universities paid by the Atlantic Development Board. I would suggest to the Minister of Transport (Mr. Pickersgill), who has a special interest in this Board, that he give his attention to the suggestion that the Atlantic Development Board could in some way be made responsible for the development of the Universities of Nova Scotia and New Brunswick. Perhaps part of the substantial sums of money which have been made available to that Board could be used for the development of these universities. Perhaps in that way the Government could move away from the difficulties in respect of grants on the basis of population, and also get around any technical constitutional problems that might arise. I can think of no greater resource which we have than our young men and women.

The universities of Nova Scotia receive $183.19 per student in the way of a federal grant. This can be compared to $281 per student in the wealthy Province of Ontario. Of course that Province has a larger population, and a larger student population. These universities receive $281 per student, as compared to the $183.19 in Nova Scotia. I suggest there is something radically wrong when this system is allowed to continue to operate in this manner; I urge the Government and particularly the Minister to pay some attention to the suggestion that the Atlantic Development Board make some of the money which it receives available in this way for the development of that important resource. That Board has received large sums of money and will receive more when it is required, and I think it should give very careful consideration to the necessity for making grants to these universities.

Mr. Speaker, I am afraid my time is running out. I am not sure how much time I have left.

Mr. Deputy Speaker: The hon. Member has at least two or three minutes at his disposal.

Mr. Nowlan: Thank you.

As I have suggested, I think the youth of our Province is its greatest resource. Since this Atlantic Development Board was created for the purpose of developing our resources, this is a matter with which it could deal quite adequately and efficiently.

There are other problems of a more local nature to which I intended to refer, but as my time is running short I should like to refer to at least one, and then resume my seat.

The problem to which I have reference is one which was referred to by the hon. Member for Halifax (Mr. Regan). A suggestion has been made which has created fears in the minds of the people of Nova Scotia and in the Maritimes generally, to the effect that possibly some day the C.P.R. will terminate its service across the Bay of Fundy. I do not think this alarm is justified. This C.P.R. service has been in existence for generation after generation and I have been assured by officials of the company that, while there may have to be adjustments made in the future, it will likely be maintained.

One prominent executive said to me the other day: When you read during one week of the Russians walking on the clouds, and the next week of the United States photographing the moon preparatory to landing on it, do you not think we would be very foolish to commit ourselves to the expenditure of $4 million to $5 million for something which we can anticipate may have to be changed in five or six years' time. All they

are asking for is a delay in the consideration of this problem. If that is the situation, that is one thing. If this is an intimation that the service might some day be discontinued, that is an entirely different thing. As the Minister of Transport suggested the other day in answer to questions raised by the Member for Saint John-Albert and myself the discontinuance of that service is impossible. No Provincial Government in Nova Scotia or New Brunswick, and no Federal Government of any Party, would permit such a thing to happen. It is too bad that undue concern has been raised in this regard, because at the moment all we can do is wait to see how the situation will be resolved.

In addition to that problem, Mr. Speaker, there is a problem in respect of the fishermen. Originally a new wharf was to be built. The Government intended to spend between $3 million and $4 million to build that wharf. All the plans had been prepared and everything was ready. The old wharf was to be used by the fishermen. Plans have been changed and the old wharf will have to remain in service for the C.P.R. for some time. Other adequate accommodation will have to be provided for the fishermen. This is absolutely essential, as I think anyone who has seen the scores and scores of boats tied up behind the spur wharf will agree. The ability these fishermen have in operating in and out from that wharf is a credit to them.

Mr. Deputy Speaker: Does the hon. Member have the consent of the House to continue beyond his allotted time?

Some hon. Members: Agreed.

Mr. Nowlan: Thank you, Mr. Speaker. I do not wish to trespass on the rules of the House by taking up more than my allotted time, and I know that other Members here wish to speak. I should like to refer to only one other local matter, if I may.

There is a problem which exists in respect of providing adequate accommodation for fishermen, particularly in the western part of my constituency, having regard to communication between Brier Island, Long Island and the mainland. These islands have had access to the mainland by two motorboats and two scows. Travel accommodation in that area today is worse than it was 75 years ago, and I am not speaking in a political vein in any way. Seventy five years ago there was daily service provided between Brier Island, Long Island and Saint John. That service, of course, went by the boards long ago.

A suggestion was made that a causeway could be built across this very narrow bit of water. The Government made an estimate of the cost, which was about twice as high as an estimate made by a Nova Scotia engineering firm. If a causeway could be built it would provide easy communication for cars and trucks. Thousands and thousands of tons of fish were transported in this area last year by boats and overloaded ancient scows. With the construction of a causeway there would be a tremendous development in the fishing industry and a tremendous impetus given to the transportation industry generally between those islands and the mainland. You would provide a deep-water harbour, which is very badly needed today. Even in the short time I have been here the motorboats used largely by the inshore fishermen have become very much larger and you have large draggers owned by young fishermen which cost $80,000, $90,000, $100,000 or $125,000. True, they have borrowed from the Fishermen's Loan Board. True, they have mortgaged their souls to pay for them. True, they go into debt. But where can these boats lie at night? There is hardly a deep-water harbour along that coast, and such harbours must be provided. This is one way in which that service can be performed. When the estimates come before us, which I trust will not be too long from now, we will be able to go into greater detail with respect to these matters and others which I had hoped to raise at this time, but have not been able to do so.

I appreciate the courtesy of the House in giving me a few moments additional time because I know I am trespassing on the time of others.

• (6:20 p.m.)

Mr. Reid Scott (Danforth): Mr. Speaker, the purpose of my participation in the debate is to present a proposal for federal aid to education designed to deal with the stunning educational crisis which faces Canada today. It is a crisis which, if not met with boldness and imagination by all levels of government, will have drastic effects on the future of Canada for generations to come.

Throughout the world there is perhaps no subject which is causing more concern among responsible people than education. In the modern technological world no nation can hope to survive if it fails to develop the talents of all its members to the highest possible

degree. The future industrial strength of Canada will depend, not just upon the actions of the few but rather on how successful we are in developing the abilities and skills of all our people.

We hear much talk today about scientific change and automation, and the extent to which they will change our lives and displace workers. There is absolutely no hope of meeting such problems without a firm understanding of the role of education and the massive amount of money and effort which will have to be devoted to it in the years ahead. On January 12 of this year President Lyndon Johnson recommended to the United States Congress the doubling of the federal budget for education, which he described as the number one business of America. He declared:

> Nothing matters more to the future of our country. We must demand that our schools increase not only the quantity but the quality of our education. It is our primary weapon in the war against poverty and the principal tool for building a great society.

In fact, Mr. Speaker, the bill has already been passed and was signed by the President on Sunday night, a striking example of what can happen when a determined leader determines to move aggressively in an important field. What a contrast this represents to the attitude of this Government which in its legislative program does not even mention the subject and has even forgotten completely about its very modest program of 10,000 scholarships. Canadians could take greater comfort if the Government's program had contained a firm commitment to work in co-operation with the Provinces toward the goal of equal opportunity for all to education at every level. It is time, Mr. Speaker, that Ottawa stopped hiding behind the British North America Act and, without interfering in the provincial field of education, began giving the Provinces strong financial assistance in carrying the heavy burden of education costs.

Equality of opportunity has always been held up as one of the great ideals of democracy, but in Canada so far as education is concerned this ideal has been far from realized. The inequalities between province and province and between urban and rural centres are conspicuous. Children are growing up in some parts of Canada with only a fraction of the chance of the educational advantages enjoyed in other parts, and these differences are caused by the mere accident of geography.

It is a tragic state of affairs when the quality of education available to Canadians depends upon where they happen to live. Yet, Mr. Speaker, a poor education is a handicap that follows a person all the days of his life. There are today in Canada 1,017,869 men and women with no more than four years of formal schooling. They represent 9 per cent of all Canadians of working age. In rural Canada 64 per cent have attended only grade eight or less. I need hardly add that in the modern Canada most of these people will be chronically unemployed as long as they live, unless schemes can be developed to raise their educational level and provide them with skills with which to earn a living. Persons with not more than four years of formal schooling are simply not qualified for the skilled jobs that are becoming ever more important in our society.

One of the best indications of equality of opportunity is the amount of money that is spent yearly for each pupil. In 1961 the amounts spent in each Province ranged from $378 in Alberta and $373 in British Columbia to $141 in Newfoundland and $162 in Prince Edward Island. Thus, in dollars one Province spent almost three times as much per pupil as another.

Another yardstick to measure equality of opportunity is teacher qualifications. The proportion of teachers with university degrees varies from 47.4 per cent in one Province to only 7.7 per cent in another. Thus, five times as many teachers hold degrees in one Province as in another. Where is the equal opportunity here?

Another test to apply is the ability of a school system to hold its pupils. Among Canadian Provinces there is wide variation in the number of early dropouts. In one Province six out of ten children in a particular age group remain in school until they reach junior matriculation. In several other Provinces the corresponding figure is less than three out of ten.

These facts and many others which I could add destroy any illusion we might have cherished about equality of education opportunity in Canada. Yet on this vital subject all we receive from the Government is a thundering silence. How can we hope to think of ourselves as a unified nation when one part of the country is on such an obviously different level from the rest? It seems to me a major contribution to the goal of Canadian unity would be a commitment by the Government to make available the necessary funds to wipe

out this discrimination and provide every Canadian with equal opportunity to develop to the limit of his educational ability.

In addition, economic gain would also result. Instead of just handing out subsidies and tax concessions to private industry to stimulate growth in certain areas, we suggest that economic growth would be more effectively stimulated by equalization grants and other methods aimed at upgrading the general level of education. Investment in human capital is the most promising strategy in a long range attempt to reduce inequalities in education and living standards.

So far, Mr. Speaker, I have referred to the lack of equal opportunity in Canada. I should like to turn now to the level of higher education, for it is here that the staggering proportions of our education crisis become startlingly clear.

Let us look for a moment at the depressing lack of facilities. In Ontario, despite the fact that we have a critical shortage of doctors and dentists, the University of Toronto rejected three out of every four students who wanted to enter dentistry. Four hundred and sixty six students applied, but the lack of facilities meant that only 128 could be accepted. At the Faculty of Medicine two out of every three applicants were rejected because of the lack of facilities. At the University of Western Ontario 200 medical students applied but there was space for only 60 and at the University of Ottawa 200 were eligible but there were places for only 78. This story could be repeated for other such institutions from coast to coast and represent an appalling waste of badly needed brainpower.

In Ontario the number of applicants trying to enter university will climb from 33,000 in 1963 to over 100,000 in 1970. In Canada as a whole it will rise from 141,000 in 1963 to nearly 290,000 six years later.

• (6:30 p.m.)

What answer will we give to this wave of young people battering on the doors of our universities? How many additional hundreds of thousands would there be if we were to take a step which the New Democratic Party has advocated for years, namely free university education to all with the ability to absorb it? Yet, if we fail to meet this crisis, if we fail to provide the facilities, we deprive hundreds of thousands of Canadian youth of the chance to a better life than that enjoyed by their parents. By failing to meet this crisis, we deprive Canada of the contribution that such trained people can make to our general prosperity.

If we are to provide all these facilities in the next ten years, we will require a capital outlay of $1.7 billion. This does not include the expenses of such things as heat, light, maintenance and salaries. Yet, Mr. Speaker, in 1963-64 our universities received only 60 per cent of the capital grants which they requested. We are not even meeting current needs, never mind preparing for the wave of students that will face us tomorrow and that will continue to enter our universities well into the late eighties. Even if we were prepared to make massive expenditures to provide these facilities, we will still face the staggering problem of professors, teachers and lecturers. In the year 1961-62 there were 2,100 on the staffs as teachers. By the year 1970 8.5 thousand will be needed.

However, Mr. Speaker, instead of taking positive steps to hold our teachers in the fields of science, engineering, medicine, etc., we seem determined to create conditions in Canada that will drive them to other countries. Most people are familiar with the term "brain drain". Let me provide a few examples. We are losing doctors, scientists and researchers at the rate of 1,500 per year. We train them and export them, then buy back the products of their brains. Between 1950 and 1960, we lost 1,864 scientists, 5,864 engineers, 3,956 teachers, 569 professors, 2,107 physicians, the latter at an average training cost of $25,000. We have 12 medical schools and the yearly loss of 250 is equal to the output of three of them. Unless this drain is halted we stand no chance at all of building up a sufficiently large staff of teachers to man our universities. The loss to our economy of such brains is incalculable. Why do they go, and what can we do about it?

Part of the reason, no doubt, is salaries. The average United States salary in these categories varies anywhere from $3,000 to $10,000 over the Canadian scale. However the salary issue is by no means the most important factor. The most important factor is recognition of their worth to the community and the provision of adequate facilities for research.

Research, Mr. Speaker, is basic to the lifeblood of higher education. Without it, the whole level of your educational system falls behind the rest of the world. Without it, universities become nothing but glorified high schools. Since industry draws on such basic

research, a lack of it means your industrial growth is slowed. In short, a continued program of extensive research is vital to higher education. The tragic lack of such facilities is the single biggest contribution to the "brain drain" to the United States.

The Medical Research Council received a grant of $6,900,000. This meets only 65 per cent of the applications it receives for research projects. We are so niggardly in this field that many of these applicants could not carry on without grants from the United States. Four of our Canadian universities constructing basic science buildings will have to apply to the United States for grants because we have no mechanism for capital grants for equipment. For every dollar we spend per scientist Britain spends $3 and the United States $10 to $15.

In 1963 the total medical research grant for 12 universities was $4,800,000. In the United States, for 78 universities the grant was $900 million. By comparison, our grant should have been $100 million. Is it any wonder that we are failing to hold these people in Canada? Can anyone blame them for going where their talents are recognized and they are given the opportunity to develop their genius? One cannot help but concur in the view of Dr. D. V. Bates, the Assistant Dean of Graduate Studies in Research at McGill Medical Faculty, when he said:

> The Canadian Government has been worse served in its scientific research advice in the last six or seven years than any other western government.

Another source of teachers is our graduates. If time permitted, I could detail our niggardly system of graduate bursaries, which results in our graduate system being about the worst in the western world. However, Mr. Speaker, I think I have said enough to indicate that if we are going to meet the crisis of higher education in Canada it will require a massive effort that is far, far greater than anything we have ever imagined possible.

Another aspect of the education crisis arises from automation and technological change. Canada is just beginning to feel the effects of this change, and in the next decade there is probably no aspect of Canadian life that will not be affected. In order to be sure that people adjust to such changes, we must develop far more effective retraining schemes than those in effect today. As workers' jobs disappear through the use of new scientific machines, they will have to be retrained for other jobs. During such retraining their income will have to be maintained until they are relocated. Such income will have to be a proper income, and not the pittance now paid. Failure to erect such educational schemes will result in widespread hardship and unemployment.

We shall have to encourage the building of technical colleges to turn out the thousands of technicians that the scientific age will require. It is freely predicted that young people starting to work today may have to be retrained four or five times during their working lives. I could go on outlining the years of crisis in our educational system, but I think I have given enough examples to indicate that a problem of gigantic and staggering proportions confronts Canada. It is obvious that a serious attempt to grapple with the problem is going to result in skyrocketing costs and massive outlays of money. And yet, it is imperative that we succeed because the whole future of Canada is at stake, since education has a direct relationship to a nation's economic growth.

It must be obvious also that if a realistic approach is going to be taken, the Provinces simply do not have the financial resources to do the job alone. They will need and must receive very large financial assistance from the Federal Government. I realize, of course, that education is an area of Provincial responsibility under the British North America Act, and I am not suggesting that we interfere in this exclusive jurisdiction. At the same time, it is hard to see how we are to proceed as a united nation unless education is regarded as a matter of national concern and of direct interest to all Canadians. A competent and well balanced work force is required for the healthy growth of our Canadian economy and the maintenance of our standard of living. If Canada is to be successful in carrying on the economic and political struggles of the future, a much greater percentage of her citizens must possess a higher degree of education or skill.

The principle of Federal aid to education is nothing new. The education of Indians and Eskimos, as well as children of the armed forces overseas, is a Federal responsibility. Through the years, substantial grants have been made available to the Provinces for technical and agricultural education. More recently some $340 million have been advanced under the Technical and Vocational Training Assistance Act. Following the war an immense D.V.A. program of education was financed by Ottawa. A per capita grant of $2 has been paid to universities as well as various

grants to research and scholarships. The Glassco Commission refers to some 20 different Federal departments which provide some educational service today. Today more than ever, there is a greater need for Federal support for education through financial agreements with the Provinces. For such Provinces as might object, some formula can no doubt be worked out to meet such objections, similar to the opting out formula since, as I have emphasized, we are not advocating that the Government enter the educational fields of the Provinces except in a financial way.

• (6:40 p.m.)

In order to assist the Provinces in carrying out their responsibilities in this vital field we advocate the following 10 point program.

1. The establishment, in co-operation with the Provinces, of a Federal secretariat of education to perform the following services. (a) To supervise the educational activities of more than 80,000 students at present attending Federally operated schools at an annual cost of $50 million. (b) To assist the Department of Labour in carrying out a continuous survey of labour needs in Canada. Such studies would permit the programs of the retraining schools to be adjusted to meet trends in the labour market as they are revealed. Unless this is done we are educating in a vacuum and our expensive retraining facilities will prove ineffective. (c) To encourage and publicize the comprehensive programs of adult education at present offered by extension departments of universities across this country. (d) To act as a clearing house for matching grants and other contributions paid to the Provinces for university construction, vocational schools, student loans, scholarships, special courses for new Canadians, handicapped children, apprentices, unemployed, etc. (e) To provide a medium for the distribution among Provinces of information resulting from research studies and experiments conducted at the local level by school and university authorities. (f) To facilitate student exchange and teacher exchange abroad. (g) To co-ordinate the educational work of the Canada Council, the National Research Council, the Medical Research Council, the Canadian Broadcasting Corporation, and UNESCO.

Let me emphasize that all of these educational services are being performed now, but in a fragmentary and hit-or-miss fashion. It would seem the time is at hand to set up, with the approval and support of the Provinces, this type of co-ordinating agency.

2. The Federal Government should assume 75 per cent of the capital cost of university construction costs. The total cost of public education is now $2 billion a year and will double in the next 10 years. If the Government assumed the major portion of university construction costs, the Provinces would be better able to carry their resposibilities on lower levels.

3. Immediately raise the per capita grant from $2 to $3. Operating costs of universities double every five years and immediate relief from this pressing burden is needed. The last increase was in 1962-63 but costs have continued to rise. This would be the most effective way of preventing an alarming increase in student fees. The objective should be the lowering of fees and their eventual removal altogether.

4. A special grant of $1 million yearly for distribution among Maritime Provinces to assist them with their special university problems. At the same time review and if necessary, increase the equalization grants so that all areas can develop educational programs equal to that in the wealthier areas.

5. Assume 75 per cent of the cost of vocational and technical training, and in particular full cost of research in universities including facilities, salaries, equipment, etc. Such a step would make a vital and stimulating contribution to education at all levels and, at the same time, to the total development of Canada.

6. Provide for a broad program of bursaries and scholarships as well as the present system of loans. It is imperative to make sure that every student obtains as much education as his ability will allow.

7. Increased financial support for graduate schools. Unless we have a spectacular increase in graduate studies we shall never be able to train the scientists and teachers which our expanding schools and modernized industries require. The shortage of skilled people is world wide and we can no longer look to other countries. We must train our own educators.

8. Intensify enormously our long term analysis of the economy as a guide to the provinces in drawing up curricula and courses.

9. Encourage the practice of student exchange. In 1963, 8,115 Canadians studied outside Canada and about 8,500 foreign students studied in Canada. In terms of international

good will such programs should be expanded. To supplement the Commonwealth scholarship plan a similar one should be established for student exchange within the whole French cultural community.

10. Treat all university donations from private sources as deductible for income tax purposes and exempt universities from federal sales taxes, as is done with hospitals.

I realize that, to some, these proposals may seem extreme, but to my mind they are the very minimum which will suffice. It is suggested as an interim measure, pending the report of the Commission on the Financing of Higher Education in Canada, whose report is expected late this year.

It may well be that the above measures will prove to be totally inadequate. The crisis in Canadian education is neither new nor is it likely to become easier in the very near future. It is estimated that the rapid expansion of students will be with us throughout the 1970's and well into the 1980's.

That being the case, the problems I have outlined today are going to intensify. Strong financial assistance such as I have suggested would also relieve the pressure on the individual home owner, who still carries the main burden of education costs in Canada. This has always struck me as being an unfair burden. No doubt many people would ask if such assistance would result in higher taxation. The answer of course is no. The report of the Economic Council of Canada estimates that if the Government is prepared to institute growth programs sufficient to bring unemployment down to 3 per cent, even existing tax levels will produce surpluses of over $2 billion. There is no reason why such surpluses cannot be channeled into the critical area of education.

May I again emphasize, as emphatically as it is possible for me to do, that Canada faces an education crisis of the first magnitude. While recognizing the constitutional position with regard to education the Federal Government must still step in with strong financial help to the Provinces.

Canada is a Confederation of ten Provinces, but it is also a nation. To move forward as a nation into the scientific age with imagination and confidence the Federal Government must play its part in providing what President Claude Bissell of the University of Toronto describes as "heroic measures" to meet the pressing demands of modern education.

In conclusion, I wish to quote a brief passage from the second volume of the Report of the Royal Commission on Health Services. I quote:

> We have in Canada a land of immense resources. We must use them for the good of all Canadians. We have an opportunity to build upon the northern half of this continent a nation of educated and healthy people. Nature itself favours such a possibility.
>
> It is for us to to organize our resources in harmony with our favoured situation that Canada may become a show-place of man's humanity to man.
>
> We will rightly stand condemned by history if we fail to do what our people need and what our resources make readily possible.

Nothing less than this is acceptable to the New Democratic Party.

[*Translation*]

Mr. Bernard Pilon (Chambly-Rouville): Mr. Speaker, I should like to add the voice of my riding to those already heard in order to congratulate the mover of the address in reply to the speech from the throne (Mr. Cashin) and the seconder (Mr. Chrétien) for a job done resolutely and intelligently.

There is no need for me to point out the various measures outlined in the speech from the throne. It is obvious that special emphasis is put on new farm policies which, in turn will provide our eastern farmers with more sustained reforms and which will, as a matter if fact, give a new value to their profession.

Other areas are also being dealt with. The Leader of the Opposition (Mr. Diefenbaker) said that the legislation set forth was copied from our neighbours to the south. All members of this house are in perfect agreement as to the similarity of problems facing our two countries.

Furthermore, it is intended that Quebec citizens should become true partners within confederation and that the constitution should be an instrument of unity and justice. We are justified, therefore, in anticipating a better future for all Canadians.

I would be remiss if I failed to point out our contribution to the settlement of international conflicts. We are fortunate in having a team that is inured to the complex problems which face our country daily—perhaps it will play the role of mediator in the future —and I am positive that with our allies we will find solutions to the situations brought about by greedy and ambitious persons. Our Prime Minister distinguished himself in that

area and continues to do so. The Secretary of State for External Affairs (Mr. Martin) runs his department with a firm hand. Much has been done for the maintenance of peace; several bilateral agreements were revised and others will undergo a revision in the future.

The UN is facing a crisis, and you may rest assured that our Prime Minister will be called upon to sit on any commission to settle it.

In an editorial in *La Presse* of February 1964, the Prime Minister was mentioned as the only man able to save the UN. It is now facing another difficult situation where great skill is required. The Prime Minister has opened the door to negotiation, and I am prepared to say that the American reaction is very favourable, since the need for negotiation is felt. The Viet Nam situation is highly complicated: there are political ideals difficult to attain and blameworthy religious ideals. The political and social problems created by this conflict will only be solved through measures reflecting common sense, foresight, charity and compassion.

Our friends of the New Democratic Party advocate pacifism and neutrality, but this does not contribute to the immediate settlement of those confused situations created by ambitious political men paid by absentee enemies whose influence is felt in domestic conflicts and revolutions.

The part which our country wants to play is one of peace and not of intimidation; we ought to continue to maintain our prestige in the eyes of the whole world. The reforms which we will have to make in order to maintain our standard of living are sensible and will meet present needs.

Obviously we are conscious of the role that our youth will have to play, those young men and women who will carry on. Our young people will be faced with more serious and complicated problems, but their training will help them find a solution. They will be severely judged by the community, just as we are now. We all hope that our young people will be able to get all the necessary experience to govern and meet the problems that will arise.

• (6:50 p.m.)

[*Text*]

Before I close my remarks, on behalf of my constituents, especially those from St. Hilaire and Beloeil, I would like to remind the Secretary of State for External Affairs (Mr. Martin) that the Richelieu River still flows a distance of 25 miles through the constituency of Chambly-Rouville. We are interested in reviving the question of the canalization of this river and hope the Minister of Public Works (Mr. Cardin) may see his way clear to building the necessary retaining walls.

[*Translation*]

Mr. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, at the outset of my remarks, may I congratulate very warmly the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the speech from the throne. I do so because, in the first place, it is the custom, but mostly because they carried out their task with mastership, conviction and displayed much eloquence. I hope this optimism they have shown will spread in high government circles so as to inspire them with ideal and instil in them the required energy to apply the program proposed in the speech from the throne, and this for the benefit of all Canadians.

But what exactly does the program which the government holds out to us mean? To embellish it, the government has succeeded in adorning it with lots of flowers which, unfortunately, are a little faded since they date back several years and which, it seems to me, are doomed to a slow death, precisley because of the inaction and lack of imagination on the part of the present government.

Mr. Speaker, the program advocated in the speech from the throne constitutes a real electoral manifesto, but that does not necessarily make it reprehensible provided the government introduces the necessary measures to implement it. I think it is absolutely impossible to consider passing such a program without first initiating a basic reform, that of parliamentary procedure.

I for one sincerely regret that the report of the special committee on procedure and organization was not agreed to at the end of last session. In fact, I believe that to be realistic, any program of parliamentary reform should call for a time limit for the debates of this house and also propose the necessary means to refer to committees specially set up for that purpose the detailed consideration of estimates and study section by section of government bills. In my opinion, it will be impossible to carry out a large part of the government program as long as the government does not give proof of energy and determination in that regard.

Mr. Speaker, I find it impossible, in reading the speech from the throne, to determine where the government wants to lead us. To

be sure, it wants to please everybody, and I cannot blame it for that, but quite a few of the measures it is putting forward seem contradictory.

For instance, the government claims it is committed to a policy meant to promote the strength and unity of the Canadian confederation. To this end, it proposes the maintenance of consultation at the federal-provincial level. Such consultation is indeed most desirable, but specific measures still have to be put forth, if this co-operation which the government apparently wants to see established in the field of federal-provincial relations is to become a reality. Now, the one concrete measure the government seems to be setting forth has to do with its intention of repatriating the Canadian constitution through a formula already approved by all provincial premiers, but which has not yet been ratified by all the provincial legislatures.

As everyone knows, that is a highly controversial issue in Canada, especially in the province of Quebec, and I feel that before proceeding with the adoption of the formula, the government would be well advised to set up immediately a committee of the house which would hear evidence from constitutional experts and submit a report on which the government should base its future action.

As far as Senate reform is concerned, Mr. Speaker, I feel the government should forget about an old proposal which is not even a measure but which has been put forward on many instances. Instead, it should give serious consideration to the reform of the other place by transforming it into a constitutional committee or assembly to which recognized experts in constitutional matters would be appointed.

In my opinion, the Prime Minister could very well call to the Senate, immediately, for instance, Messers. Robert Fowler and Marcel Faribault, the authors of this treatise on the constitution which has already attracted much attention, namely, the book entitled "Ten for One". There is surely room in the upper chamber for people of such a standing as Marcel Faribault and Robert Fowler. I believe that if reforms of that nature were effected, we could restore to that legislative chamber most of the prestige it enjoyed in days gone by.

Mr. Speaker, the government claims that it intends to promote national unity, but let us examine the contradictions which exist in several of its measures: on the one hand, it says that the rights of the provinces must be respected; and on the other, after it had parliament approve a bill allowing provinces who so wish to opt out from joint programs, it announces new measures which are but new joint programs.

There are, for instance, measures designed to promote rural development, the re-employment and training of workers, social assistance, urban renewal; all those measures will be co-ordinated by a secretariat within the Prime Minister's office, necessarily involving further agreements between the provinces and the central power.

Premier Lesage has already termed those measures as gifts from the Greeks. He said that the province of Quebec was thinking of opting out of those new joint programs.

The government also seems quite pleased with the economic situation. It states its satisfaction at the growth rate of the economy, at the volume of our external trade and at the fewer number of unemployed.

But the vagueness of the measures proposed gives clearly to understand that the government is at the end of its resources, and I rather get the impression that we are drifting, that we are buffeted by forces the government is powerless to control.

And all the time chronic poverty prevails and we cannot solve the problems created by a new technology.

The government adopts a carefree attitude which is not warranted by the economic situation. Unable to act, it is helpless in the face of run-away inflation. It admits that the cost of living, already at its highest in the history of Canada, is still going up; and the only remedy it can find is to freely advise the private sector to practise self-discipline. And yet the government continues to spend at a dizzy rate and controls all sectors of the economy.

The economic council is doing something, of course, since it submitted a report but did the government act on it? There has been no evidence of that until now. Besides, what are the powers of that economic council?

Moreover, I should like to take this opportunity to congratulate the government on its initiative to establish a company of young Canadians, through which the energies and talents of youth can be enlisted toward useful projects both in Canada and abroad. Surely the time has come to fully use that *vis viva* which is youth.

And talking about young people I should like to insist upon the proposal of establishing

a model parliament in order to celebrate Canada's centennial. That initiative was conceived by William Fair, from Saskatoon, who has been working on it firmly and intelligently for more than two years. It has already received the approval of both the Prime Minister and the Leader of the Opposition.

It is a most interesting proposal, first from the point of view of the representatives sitting on it who will come from the electoral constituencies. The selection will be made on a merit basis and, to be elected, it will not be sufficient to enjoy a certain popularity, but also to have been selected by an impartial jury for one's qualities as speaker and for one's ability to express ideas.

I think that such a parliament should be free from any partisanship. It will discuss matters regarding Canadian unity and the future of confederation. Finally, it is proposed that it sit in this very house during parliamentary recesses, if, there are any in the year of the centennial. It seems that, to prepare adequately this model parliament of young people, the senior parliament, that is our own parliament, could right now get seriously to work on its present task of improving the situation of all Canadians and thus serving the whole people. And, the most important task it has to accomplish, is to restore the dignity of parliament itself.

• (7:00 p.m.)

[*Text*]

Mr. Speaker, we are living in Canada through troubled days, and perhaps no single event illustrates more this crisis than the event which occurred in this Chamber last week, when the hon. Member for Three Rivers (Mr. Balcer) crossed the floor, leaving the party to which he had dedicated so many years and all his loyalties and energies to sit as an independent. At the loss of a close friend and associate, I can only express grief and dismay.

As for the reasons which prompted him to make his dramatic decision, after months of soul searching, I speak more in pity than in anger. Here is a man of abiding loyalties, an urbane, civilized, erudite Canadian, with a broad political concept; a man of moderation, quiet and competent and of sound judgment. He is a man who wore lightly the mantle of high office and who enjoys the friendship of so many on all sides of this House. Surely the departure of such a man from the ranks of any party must signify tragedy for the party that bears this loss. And the tragedy involves much more than just the person or personality of the hon. Member for Three Rivers; it affects all of us. For if there is no room for such a man in the Party, what kind of a man from Quebec or even elsewhere can the Party accommodate?

It has been said that certain elements rejoiced at the departure of the hon. Member for Three Rivers from their ranks. I cannot believe that such sentiments, if indeed they were exhibited, could be genuine. For if they were expressed, what happy turn of events, what victory could they possibly portray? If there was a victory for anyone, it was indeed a hollow victory. Was it a victory for the unity of the Party that has lost one of its most loyal supporters? Was it a victory for Canadian unity? Will it inspire confidence throughout the land? Very few people, I believe, not even political adversaries, can rejoice in their heart of hearts, or lightly dismiss the gesture posed by the hon. Member for Three Rivers, or feel anything but deep regret and frustration.

• (7:10 p.m.)

Yet, the historic Conservative Party, to which I belong, must carry on. Its past role has been honourable and, at times, decisive. Its present potential is great—never has such an opportunity been given to a political group to exercise responsibility, leadership and comprehension—to rise above the petty issues of the day and, by highly asserting leadership and principles, win the allegiance of the great mass of Canadian voters, many of whom remain undecided and even confused at the spectacle daily reported from Parliament.

This is the Party that affirms its faith in "One Canada". Like the Member for Three Rivers, I believe in "One Canada", but it must be a Canada broad enough and generous enough to encompass all of its people and particularly to give to one of its founding races—the people of Quebec—to which I belong, ample scope for the fulfilment of deep yearning for autonomy, and an autonomous cultural destiny. That "One Canada" must aver itself full of understanding for the particular history, traditions and aspirations of the people who were, after the Indians, the first settlers to its shores. It must not be a recognition given grudgingly or with restriction, or on such a narrow basis that the recipient can only stifle or wither away,

cast off as a lonely branch on the great Canadian Tree.

The Member for Three Rivers, along with others of his colleagues from Quebec, understands the need for comprehension. On an historic occasion in this Chamber, he spoke loudly against separatism and expressed so eloquently authentic Canadian sentiments in these terms:

> We have not been elected to bisect this country but rather to unite it and weld it together and to encourage comprehension, not only between the two great races which compose its population, but also between the different provinces of Canada—

And, again, he said:

> I am here to take an interest in the affairs of the country as a whole—I am convinced that Quebec will be strong and prosperous inasmuch as the whole of Canada is strong and prosperous, and vice-versa.

They speak of the need for a strong, central power. I believe in a strong central Government capable of exercising all its attributes under the Constitution, but governing within the limits of this Constitution and dedicated to the spirit of federalism which is nothing if not based on diversity, or a respect for the autonomy of the provinces, and to the recognition of the basic partnership implicit in Confederation.

Some claim for the central Government greater powers in the interest of efficiency and strength. But let me ask them this: Will Canada be more efficient or stronger when one of its founding races feels itself frustrated, unhappy, even alien within its own country, or merely tolerated?

And yet, this is surely where an inflexible policy would lead. What inspiration or leadership, that vaunted leadership based on moderation, which is supposed to be Canada's special trademark and contribution, can this country give to the world if it cannot even solve the problems of unity within its own borders. How, indeed, can it speak with any authority to Africans, Asians and so many other people of the world where racial, cultural, religious and social differences are so much greater and deeper than our own, when it cannot settle differences between two peoples, both the heirs of the same Western civilization, each professing Christianity and who, moreover, have lived side by side for two centuries?

Yet, I am not one of those who harbour feelings of despair. My hope is founded on the firm basis that there are men and women in this Chamber, and in this they reflect the views of the millions across the land whom they represent, who are firmly dedicated toward the attainment of comprehension, mutual understanding and respect as their primary goal and the most noble achievement toward which this Parliament can aim.

Indeed, what else but such a broad, flexible policy can weld together the mosaic of peoples, regional interest, and geographical and economic differences that make up this uncertain entity that is Canada?

Yes, Mr. Speaker, I believe in Canada, and my faith grows stronger when I see these men and women of so many different origins and backgrounds, drawn from all parties, and outside parties, speaking out, appealing for unity and understanding with an authentic Canadian voice—men from English speaking Canada appealing to my own compatriots, telling them of their understanding, indicating their willingness to meet, to parley, to negotiate honourably and openly in an attempt to spell out the needs and ideals of a Canada acceptable to all, men who are willing to innovate to gain this end.

Should not such overtures inspire all of us who are concerned about Canadian unity and the future of Canada to greater efforts in achieving it? This is no time for withdrawal or retrenchment, but rather for greater effort and involvement.

To those who have extended the hand of friendship and understanding, I say, thank you. We will clasp that hand of friendship and will with your help together build the kind of Canada which we know is possible, faithful to all of its past, yet looking toward the future, the sort of Canada which alone can be a beacon of light in a difficult age.

• (7:20 p.m.)

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I would like to make a few brief remarks during the debate on the Speech from the Throne. First of all, I would like to congratulate the mover, the hon. member for St. John's West (Mr. Cashin) and the seconder, the hon. member for St. Maurice-Laflèche (Mr. Chrétien), of the address in reply to the Speech from the Throne. I think that through their speeches they have made us aware that our Canadian youth has potentialities that are fundamentally good and which all of us here should encourage. I believe these two young members of the house have made us realize to what extent we can be optimistic as far as the future of our country is concerned.

I would also like to congratulate the hon. member for Pontiac-Témiscamingue (Mr. Martineau) who just resumed his seat, for the magnificent speech he delivered.

It is very difficult to make a speech after such a speaker as the one who preceded me. I cannot help agreeing totally with most of the points in his statement.

It is really a pity that in our country we cannot have men of good will or find some ground for agreement that would allow us to find solutions to the problems with which we are now faced.

Mr. Speaker, we are now discussing the proposals set forth by the government in the Speech from the Throne. Very briefly, I should like to say that, after going over all those proposals, I realize that the government is being quite bold, but also that its program will probably give rise to a great deal of discussion, a lot of negotiations, and could only result in legislation after quite a few lengthy conferences with the various provincial governments.

I am aware that the government has put forward certain measures which concern the activities and responsibilities of provincial governments. Here again, of course, one is tempted to say that the government is intruding into provincial jurisdiction and that such encroachments are unacceptable. For my part, I am inclined to ask certain questions.

Are all those efforts of the government really blameworthy? Not necessarily. So long as the government will agree to discuss with the provincial governments so that the latter might draw such legislation in agreement with the central government, so long as the central government will agree to include in its programs a provision enabling the various provincial governments to opt out when they so desire, while collecting the monies required for the administration costs of those projects, I am sure they will not be bad.

There might be some disadvantages. There will certainly be some. There is probably a positive aspect also and it is this aspect that we should stress. Personally, I see the possibility of an advantage which would be enjoyed throughout our great country. When I speak of uniformity, I mean that some provinces may have special needs because of very special problems. Those provinces will surely want the joint programs to contain provisions respecting their particular situation.

There is another aspect of joint programs which I find advantageous. You may say that it is a bit selfish on my part but I feel that during the first few years following the establishment of a joint program by the federal government, with the approval of the provinces, there is a certain amount of groping; one has to experiment. Experience is there to prove it. During the first two or three years of operation, the need for several changes comes to light. Distributing the cost of experimenting and implementing such a plan among the whole population of the country is not a bad idea in itself. I think there is no point in each and everyone going about his own experimentation. This is an economical, logical and practical way. When several plans are tried out on a national basis in agreement with provincial governments, from an economical and practical point of view, I think it is not a bad thing provided a province has the opportunity to opt out when it deems it necessary and collect that part of the tax it is entitled to for contracting out of that particular plan.

Mr. Speaker, here is another point I should like to deal with. I was listening earlier to the remarks made by the hon. member for Pontiac-Témiscamingue (Mr. Martineau) on this matter and I could not help but agree with him in this connection, for on several occassions I personally advocated that this was perhaps not the appropriate time in our history to undertake to amend our constitution.

I think some amendments could be made to it but, there again, in the heat of this debate we often hear constitution or so-called constitution experts make *ex cathedra* statements on what amendments should be made. So far as I am concerned—and I am no expert in this field, I am only a member of the mass of the workers—I am rather inclined to think that it would be wise to put off repatriation of the constitution. I think nobody is strongly objecting to this repatriation but to tie it to a certain amendment formula is another thing.

This matter is so wrapped up in emotions at the present time that I think perhaps it would be better if repatriation of and amendment to our constitution were put off for the time being. There are now in the province of Quebec two agencies which have been set up precisely in order to consider the amendments which should be made to the constitution. Those two organizations have not reported yet.

I think that the Lesage government should be careful and should wait for those agencies to submit their reports before treading a path where it will perhaps be very difficult

to turn back. The Laurendeau-Dunton commission does research work and will certainly be in a position to make very appropriate recommendations with respect to the amendments which will have to be made to the constitution. Is this not another good reason to delay the repatriation of the constitution or at least the proposed amendments?

Perhaps it would be good for the central government to consider the setting up of a special commission made up of members of the house and experts from outside who might be selected throughout the country, real specialists who would report. Then we might legislate in the field with a deeper knowledge of the real needs of the time.

There are also in the Speech from the Throne several suggestions respecting measures which the government intends to take in order to solve the problem of unemployment in this country and promote economic development. In two parts of that speech I see things in which I am interested and which I take to heart. At one place, it says:

> You will be asked to approve the creation of a fund for rural economic development—

Well, Mr. Speaker, personally, I am anxious to see that measure because we have already a fund for economic development. It is only a matter of giving it the extension it requires to face the present needs and use it in order to promote greater industrial development.

• (7:30 p.m.)

I would think, Mr. Speaker, that that bank is the instrument we are looking for. It has been in existence for a long time and in operation for several years. Therefore, let us provide that organization with the powers it requires, particularly in order to meet the demand of capital for the development of secondary industry in Canada.

The Speech from the Throne also announces that the government is planning legislation to set up a Canadian Development Corporation.

I would say that both projects are almost similar since both have the same goal, namely the expansion of the Canadian economy.

It is obvious that it is only in developing the secondary industry sector that we will eradicate unemployment which is affecting our country and make up the exchange or monetary deficits we have been experiencing for a number of years.

As all other countries, Canada must have as an objective maximum or optimum production, if you like, of consumer goods under any form. We realize that it is impossible to produce everything that we consume, but there is quite a wide margin between what we produce, what we consume and the potential of this country.

Before I conclude my remarks, Mr. Speaker, I should like to refer to a trip I had the opportunity to make recently when the government delegated some members of the special committee on defence as observers during naval exercises held under NATO in the Caribbean Sea.

I should like first of all to commend the R.C.N. officers for the fine welcome they gave us on board. They treated us very well, and I have nothing but praise and thanks for them. I also want to congratulate them on the way they executed the manoeuvres.

However, because there is a qualification—I would even say there are several of them—like the other members of the expedition, I noticed that the living conditions of our men were far from satisfactory, especially on our only carrier, the *Bonaventure*.

I am not making these remarks to be critical or to condemn anyone in particular. Perish the thought. I merely wish to draw those facts to the attention of hon. members and to show the sailors we visited that we did not fail to notice the problems which existed on the *Bonaventure* even if we pretended not to see them. Our aircraft carrier is 20 years old. It was assigned a specific task which called for a crew of about 800. However, with the passing of time and with the evolution of Canada's and North America's defence systems, in one word, following our commitments to NATO, we had to entrust the *Bonaventure* with the new tasks with the result that, today, it has a crew of 1,300 and those men have to live in extremely cramped quarters.

Mr. Speaker, if Canada wishes to continue playing in the major leagues, it should be ready to pay the price; otherwise, it should go back to the minor leagues. By that I mean that if we cannot afford to buy adequate material to provide decent living conditions for our sailors, it would be just as well for us to withdraw from the game and to be content with a field of endeavour which is within our means.

Canada has only one aircraft carrier. The crew of the *Bonaventure* is very able and I was truly amazed to see how its members behaved in those circumstances.

But if the operation of an aircraft carrier is warranted, we must consider either getting a modern one, or have two so that they could

spell each other in naval exercises in order that the crew members will not be kept away from their homes as long as they were recently, that is three months.

Moreover, considering the conditions under which those men work, they must be well rested and have a clear mind because they always have to be on the alert.

Mr. Speaker, I can hardly see how men as competent as our Canadian seamen, working in such conditions and having such inadequate facilities to rest, can be in physical condition and have the open mind to perform the task they are required to do.

Men living aboard the *Bonaventure* or at least some of them, are lacking the bare essentials as far as facilities are concerned.

We are told that the ship will be put in dry dock next year to be completely rebuilt inside. We are even told that some facilities now lacking will be added, but I do not see how the ship could be enlarged, and unless the crew is reduced and the tasks assigned to that ship, made fewer, I think it would be impossible to give this aircraft carrier modern and up-to-date comfort. Facilities on that ship were good for the turn of the century but not for the year 1965.

If it can be justified to lay that ship in dry dock for a period of one year, if it has been found that we could dispense with that aircraft carrier for a year, it can only mean one of two things: either we have no more use for that ship or our defence system will be inadequate for the period during which the ship will be under repairs. Either we will have to abandon that field of activity completely or we will have to rent a similar ship so that its present crew may continue the training it is undergoing at the present time.

I know nothing about the plans of the Department of National Defence in that field. I know it is a very expensive piece of equipment, but if we decided that it was needed then we should secure what is best, a ship on which men can live decently.

Mr. Speaker, I would like to deal with another subject, housing. I see on the other side of the house the hon. Member for Halifax (Mr. Lloyd), formerly mayor of Halifax. I know he is aware of this problem, as are other members of the house, but for the information of my colleagues, I would like to point out that certain members of the *Bonaventure* crew have expressed major criticisms.

[Mr. Lessard (Lake St. John).]

One of these concerned living conditions aboard the ship and the other related to housing in Halifax.

Incidentally, I would like to say that the situation is not something of which the former mayor of Halifax should be proud. In fact, I think he should have brought pressure to bear on his fellow citizens during his mayoralty in order to promote certain developments in his city and provide for reasonable cost housing, where our seamen could live decently.

They are now forced to pay fantastic amounts, sometimes even higher than what hon. members have to pay here in Ottawa. In my opinion, this is a situation which is absolutely unacceptable on the part of the authorities of the city of Halifax and the military authorities of this country.

We should see to it that our Canadian sailors enjoy low rental housing.

Mr. Speaker, I listened carefully to the criticisms which were levelled by our sailors, because they came from responsible people. In fact, some criticisms were made by young men who had joined the navy six months, one year or two years ago. I listened to their grievances, but I paid more attention to those which came from the petty officers. The latter play a most important role on board because they are responsible for the efficient and continuous handling of the ship. Most of those petty officers have 10, 15, 18 and even 20 years service in the Canadian navy, and many say that they are ready to quit the navy if they are to remain on that ship.

I feel that, after having invested so much money to train men, it would be simply ridiculous to let them go because we are not supplying them with the proper equipment they need to do the jobs we give them. It is one or the other: either we give them the tools to perform those jobs or we simply eliminate both the jobs and the men.

• (7:40 p.m.)

[*Text*]

Mr. D. G. Hahn (Broadview): Mr. Speaker, it is traditional in the Throne Speech debate to congratulate the Mover and the Seconder of the Address in Reply. In following that path tonight I am more than just following tradition. I believe the speeches of the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) are worthy of high commendation.

I would also like to congratulate the hon. Member for Pontiac-Témiscamingue (Mr. Martineau) on the speech he delivered in this Chamber tonight. As an English Canadian I thought the points of view he expressed on the problems and tensions within our country were extremely well put, and I would hope he would distribute copies of his speech to his own caucus colleagues because, if the views he holds were more widely held throughout the country, the tensions he was discussing would be largely diminished.

Often in the Throne Speech debate a Government Member gives a scenic tour of his riding and discusses with fulsome praise the items contained in the Speech from the Throne. I am not going to follow that path tonight. We on the back benches on this side of the House have little enough opportunity to get up and talk about issues in which we are particularly interested. If we do so on the estimates, when Opposition members have an opportunity to do that, we are often accused of filibustering our own estimates. It is sufficient I think to say that I, as a supporter of the Government, am delighted with the contents of the Throne Speech. It is a program that offers excitement and challenge. It is a program aimed at many of the fundamental problems existing in the country.

The only description I am going to give of my riding is of one of the boundaries of it. Flowing down the western boundary of my riding is the Don River. It is a colourful river, but unfortunately the colour is generally supplied by the waste dyestuffs that flow out from the industry located along its banks, so that at times the river is red, blue, deep green or purple. The river flows through a valley rich in vegetation, fruit, trees and flowers, but in summertime when you travel up the river you are not able to enjoy the fragrance of the valley. You get the fragrance of the river; and that fragrance, unfortunately, tends to be coloured by the sewage that is flowing down it. In the sunlight, the river sparkles, but it is not the water that is sparkling; it is the pile of foamy detergent that is flowing out into the river. In short, the river is polluted and it is carrying its polluted products down into Lake Ontario. The topic therefore I would like to discuss tonight is the problem of pollution that exists within the Great Lakes area. This may seem like a parochial issue, but I do not think it is. The Great Lakes are important to all Canada. Some 30 million people live in the basin surrounding them. A third of the Canadian population lives in the area surrounding the Great Lakes.

The Great Lakes were the cause of the tremendous build-up in population and of the tremendous industrial growth in the central part of our country. They offered water for navigation, water for cheap power and, above all, the water that was needed for consumptive purposes, for industry, for human beings, for communities. The abundance of clean water made possible the growth of this part of our country, and I think made possible the industrial growth of our country. As a by-product of these things we have since developed a fishing industry, and we have many recreational uses for water in this area.

Water is an important resource to any country, and we in this country are lucky. We have an abundant supply. Some 50 years ago or so, we never worried about our water supply. We appeared to have it in ample quantity, and we could use it as we liked; but now we are beginning to be concerned about it because we realize that a few generations hence water on this continent will be in short supply.

We who live in Canada, which has a vast supply of this commodity, are particularly lucky, but I think we realize that we must plan now for the future use of this resource, so that when we do need it, it will be available. I think we realize that within our borders we have a commodity that in the future is going to be a valuable export item, something that will be needed by our neighbours to the south, something they will not have that we do have.

The recent problem of water levels on the Great Lakes has highlighted the importance of water supplies to this area. It has produced the low water levels of the last few years, which affected navigation on the lakes and the production of power on them. I was a member of the committee that was looking into the problem of water levels on the lakes, and, as a result of the preliminary examination we were able to make last session, I think it is pretty clear that the problem of regulation of water levels can be solved, and, in fact, will be solved. I would think that because of the time required to build the works necessary, we shall probably have the cyclical improvement so that the problem will tend to rectify itself, at least temporarily, before we establish a permanent solution. Nevertheless, solved it will be.

In the evidence that was given before that committee one of the things that impressed

me was the role of the Federal Government in this problem. We found that many, many Government Agencies, Boards, Commissions and Departments were involved. We asked to have a chart prepared—which we did not get—showing the relationship of all these Federal Government bodies dealing with this problem. I would think that if an organization chart were prepared, showing the Federal Government's role in this area, it would tend to look like a plate of spaghetti. This is a fundamental problem we must bear in mind.

We are not co-ordinated at the Federal level. We have divided responsibility. We have overlapping jurisdiction. We have groups here, there and everywhere, scattered throughout the Federal Government, each doing a little piece, with nobody that I can really see completely responsible for the problem. We talk about these things being co-ordinated, but I am afraid too often co-ordination in this sense mostly means shifting the responsibility to somebody else, and this is a problem we have to bear in mind.

Out of the work we have done on the problem of water levels has come a realization that the Federal Government must establish clearcut responsibility for the future use of this great resource, dealing first of all with problems of the levels on the lakes, and then looking further ahead at the future requirements on a continental basis, and the future diversions that are going to be necessary—such things as the Grand Canal we have heard about, flowing the waters from the James Bay watershed into the Great Lakes area; and other diversions from the West coast, bringing water down to the Central plain where it can be used.

All these things were discussed before the Committee dealing with the problem of the conservation and regulation of the supply of water. They dealt with the quantity of water available, but what they did not deal with is the quality of water. There is not a great deal of use having a vast quantity of water if the water you have is unusable. Quality for the uses to which we want to put our water is vital.

It is true we can use dirty water for navigation and power production; but if we cannot use it for consumption we cannot support large communities, we cannot support industry, we cannot support population in the surrounding area. It seems to me that we in the Great Lakes area, and also in other parts of the country—but I think primarily in the Great Lakes area—are now in the process of destroying this great resource that we have. Man in his wisdom is taking this one vital commodity that is essential for the economic survival of this area, and destroying it. If we are not careful we shall not have it in usable condition for much longer. I think everyone is aware that Lakes Erie and Michigan are in almost critical condition now. I think we all know there are 2,000 miles of Lake Erie which no longer support fish life or proper vegetation—algae are spreading everywhere. We are all aware of the decline in the fishing, particularly in Lake Erie. It is suggested that most of the beaches on the shores of Lake Erie and probably Lake Michigan as well, are now unfit for swimming and recreational use. It is known that no raw sewage should be pumped into water to be used for consumption; yet the city of Windsor pumps all its sewage, raw and untreated, into the Detroit river and the city of Welland is still pumping raw sewage into the Welland canal area. There are plans to rectify this situation, but as of this moment the old practice is still being followed.

• (7:50 p.m.)

Toronto has made vast improvements in its treatment of sewage, but despite this in heavy storms raw sewage is pumped into Lake Ontario off the shores of Toronto, and it is estimated that $300 million would be required to provide completely adequate treatment in Toronto to ensure that no raw sewage would get into the lake.

Dr. Langford, Director of the Great Lakes Institute and associated with the University of Toronto, said recently that the next ten years would be critical. This is about the amount of time we have; if we fail to deal with the problem soon we shall have passed the point of no return. I could go on to give further statistics, but I think it is generally accepted that the Great Lakes are reaching the critical point. We must find a solution to this problem and find it quickly. We, with our ingenuity, will fairly soon I think control water levels in the Great Lakes, and we shall probably spend a billion dollars doing it. Having done that, if we are not careful we shall create a new world wonder; we shall then have what is probably the largest, the most expensive and the best regulated cesspool on earth. It is something we should not allow to happen.

One might think that a solution to the pollution problem would be simple. After all, pollution comes from only three sources—

sewage dumped by municipalities, industrial waste, and garbage and sewage discharged from ships. The effect of all this on the water is varied. There is the serious hazard to human life. Fatal and contagious diseases can result from infected water. I should like to read a quotation from a speech given on December 9 last by the Secretary General of the Canadian Council of Resource Ministers on the subject of water pollution. The Secretary General said:

> The St. Lawrence Seaway has opened the Great Lakes to 90 per cent of the world's commercial vessels. The increase in pollution by these vessels is a matter of great concern, involving water supplies, recreational beaches and real estate values. The discharge of shipboard sewage near public water supply intakes is of special concern. With ships from all parts of the world entering waters adjacent to public water supply intakes, the chances are greatly enhanced for waterborne disease transmission, and particularly those diseases from other countries which have long been gone from the Canadian scene or never have obtained a foothold here. Few ships plying the Great Lakes have some kind of shipboard waste control device aboard. Most dump their garbage directly into the lakes. It has been estimated the amount reaches between 1,000 and 2,000 tons annually.

This is the first serious effect of polluted water—the danger to health. The second is the effect on the fishing industry and the effect on the fish that live in the waters concerned. The third is the effect on humans of a less dangerous but nevertheless unpleasant nature —water which, because of its appearance or its odour, is unfit for human consumption or use. There is also the effect of polluted water on industrial growth. Industry needs clean water, for use in its processing; it will not locate by a polluted lake. Finally there is the recreational aspect, the effect on the tourist industry, on wildlife and all the other things which make life really worth living.

The solution to this problem should be simple. If the municipalities would stop dumping raw sewage, if industry would stop dumping its waste and if ships and pleasure craft would stop dumping garbage and sewage into the water there would be no problem. But the solution is not as simple as it appears. There is the question of jurisdiction. Pollution is mainly a provincial matter, yet many of the waters about which we are speaking flow from one province to another. The Federal Government is involved to some degree. We have federal legislation now under the Fisheries Act, under the Navigable Waters Protection Act, under the Criminal Code and under the Shipping Act. All these statutes deal in minor ways with the problem of pollution. Yet within the Departments of Fisheries, Justice, and Transport who really is concerned about water pollution at the federal level? I do not think we know.

In addition to split jurisdiction between the Federal Government and the Provincial Governments the Federal and State Governments of the United States are obviously involved as they, too, share the lakes and are polluting the waters just as badly as we are.

The next major hurdle is probably the highest of all. It is, of course, the amount of money which it will cost all municipalities to treat every bit of sewage before dumping their waste into the lakes. How much will it cost to eradicate sewage and industrial wastes? I do not think we know. I have tried to get figures indicating the total cost of clearing up pollution in the Great Lakes, but so far I have not succeeded. I think it is sufficient to say that the cost would be tremendous. This is the reason why in the past adequate treatment has not been provided.

A final difficulty which has to be overcome is the apathy of the public generally. It is not very glamourous to spend tax dollars on sewage plants. As an example, there is a story that the Mayor of Toronto was recently questioned about a project to build an arts centre in that city. The comment which followed, was this "What do you want,—a centennial sewer?" Well, maybe that is exactly what we do need, but it is not an easy policy to sell.

I should like to consider for a few moments what is being done at the present time to try to tackle this problem. First, there is a meeting scheduled for the spring of 1966—a meeting of the Resource Ministers Council which consists of the ten Provincial Ministers and the Federal Minister involved in this question. The meeting will discuss all aspects of pollution whether of a water, air or land. I think this conference will produce extremely beneficial results in the long range, but I am concerned about its timing. It is scheduled for the spring of 1966 and I am sure it will be at least a year after that before any positive action is taken as a result of that meeting. We would then be in the spring of 1967. Dr. Langford about a year ago said we had ten years left in which to act. Three of those years would already be gone.

• (8:00 p.m.)

I feel that this conference is covering too broad an area. I feel that this conference is going to arrive at long term solutions. But I

do not think it is going to move quickly enough to deal with the specific problem which exists in the Great Lakes area.

The second thing I am concerned about is the lack of really good liaison with the United States on this problem. We have some liaison with them now, and I gather that the International Joint Commission issued a preliminary report about a week or so ago dealing with a limited segment of the pollution in the lakes area. But again we have not really got down to a hard bargaining position with the United States, trying to launch a major campaign to clean up the Great Lakes area. We are doing a bit of research on the problem, but the amount of research being done, particularly by the Great Lakes Institute, is woefully inadequate. The amount of money they are allocated by the Federal and Provincial Governments in relation to the size of the problem is minute, and we have a great deal more to do in this area.

The Province of Ontario has, I think, done a major job in the last few years with their part of the problem. In 1956 they established the Ontario Water Resources Commission. Within that Commission they have now co-ordinated their efforts, so there is one place in the Province of Ontario to which you go, knowing that there is where the responsibility lies. As a result of this co-ordinated effort they have recently announced, within the last few weeks, that they are embarking upon a five-year program, setting limits for industry so that the industry around the Province will stop polluting its waters. They are going to give industry five years to achieve this goal. I think this is a very practical, useful step; the only concern I have is whether industry will be able within this five-year period to finance the work necessary to stop its pollution.

The Federal Government is offering assistance to municipalities through the National Housing Act, to build sewage treatment plants. This too is beneficial, but again I raise the question, is it enough? Is this going to get the job done?

Finally, there is a certain amount of work being done now in the field of educating the public. I think particularly of the series of articles which ran during the last week or so in the Toronto *Telegram* outlining the problem of water pollution. I think this is a very necessary step, and it is something which has to be done on a much wider scale so that the public at large, who are going to have to raise the tax money to cure the problem, are aware of the need for expenditures in this area.

The steps which have been taken thus far are all practical, useful steps. They are all moving in the right direction. They are all working toward a co-ordinated water policy for the country. They are working toward eventual solution of regulation of the Great Lakes. They are working toward eventual elimination of the pollution problem. But again I am concerned that they are too slow, on too broad a front and they are not dealing specifically enough and quickly enough with this prime problem.

I think there are a number of things that could and should be done right away. I think that the principle we have to follow, if we are going to save this water resource is, first of all, to put our own house in order in this country. We must make sure we are doing what needs to be done, and then having done that we can sit down with the United States government and say: "Look this is the effort that we are putting forth to clean up our side of the lake; it is now on your plate to handle your problem and clean up your side". I think that if we were able to sit down and bargain on that basis we could get full co-operation from the other side.

In order to put our house in order we have several things to do. First of all, we have to establish clearly and distinctly who is responsible at the Federal level, and what is the organization at the Federal level that will cut out this problem of shifting responsibility from one side to another. We must tie in definitely and clearly responsibility, with an ability to act in the field of water resources. Having done that, I think then we should get together with the Provincial Government, and in this case it is relatively easy because there is only one province directly concerned, the Province of Ontario. Having got together with the Province of Ontario I think it would be quite easy to work out with them a joint program.

First of all, we have to look at the preventive legislation which is on the books and see what legislative changes are necessary. I think we should arrive at an estimate of cost both to the municipalities and industry to clean up our side of the lakes. Having arrived at an estimate of cost, we then have to see who is going to pay the cost and how it is going to be financed.

There are several means of financing available. The sewage treatment plants needed

by municipalities are essentially a municipal responsibility, and I think that the extension of low cost loans from the Federal Government might induce the municipalities to proceed at a much faster rate. As far as industry is concerned I think it might well make it possible for industries to do the job if they were to be offered accelerated depreciation, fast write-offs on the special plant and equipment they would need in order to treat their waste products, before they dump them into the waters. I think that between these two levels of government public information must be stepped up so that when it comes to a choice between an arts centre and a sewer, the choice is not as ludicrous as it seems, and perhaps the right choice may be not an arts centre but a sewer. I think the public have at least to be able to make an intelligent discrimination when they are offered choices of this type.

We must also look at the laws respecting navigation of the lakes, to see whether we should not change our laws and prevent our own ships and foreign ships from polluting our waters. We must step up the grants that we are giving in the field of research so that we can know much more than we know now how much pollution the lakes can take, what type of pollution the lakes can stand. They can stand certain types of chemicals, and certain types they cannot stand. We do not know nearly enough about this, so we must increase the research in this area.

Finally, in the research area there is a great deal which might be done to lower the cost of treating sewage, to lower the cost of treating industrial wastes. I think that research into this effort would produce very beneficial results. If we can discuss this whole range of topics and reach agreement with the province on solutions to these problems, then we are in a position to go to the United States with our program laid out and see whether we cannot get them to do the same thing on their side of the border. If we are able to do this—and I think it imperative that we do this—we can stop the destruction of the Great Lakes and we can stop the waste of this resource that we are now spoiling. If we do not do this, Mr. Speaker, and if we do not do it quickly, I am afraid that the gloomy predictions of Dr. Langford and others might well come true, and we in our great wisdom may well succeed in destroying an essential resource, essential not only to Central Canada but to the economy of the whole country.

Mr. A. C. Cadieu (Meadow Lake): Mr. Speaker, in taking part in this Throne Speech Debate it gives me a great deal of pleasure to congratulate the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) on the very efficient manner in which they performed their task. However, Mr. Speaker, I cannot say that the Speech from the Throne means very much to the people in the constituency of Meadow Lake.

I note there is a section of the Speech dealing with the abolition of poverty.

• (8:10 p.m.)

I listened with a great deal of interest to the Throne Speech Debate and I noted that the Liberal Government has advocated an attack on poverty. Liberal Governments down though the years have created poverty by their lack of development and organization and their lack of assistance to those early settlers who pushed forth into these unlimited yet undeveloped areas. This same Government which has enunciated an attack on poverty, only a few days before the Throne Speech voted against an amendment to give $25 per month to that old age group 65 years to 70 years, and voted against an increase in pensions payable to individuals 70 years and over to $100 a month. Such an increase in pensions and a lowering of the age requirement would in itself have provided a great deal of assistance in the fight against poverty throughout this country.

The Meadow Lake constituency encompasses a vast area and takes in about 40 per cent of the area of the Province of Saskatchewan. It does not represent that percentage of the population, but the population of that area has dwindled since the Liberal Government took office. No one can predict with any certainty what will happen to the Meadow Lake constituency after redistribution.

I should like this evening to draw the attention of this House to several problems of concern to many of the people in my constituency. Perhaps to begin with I should refer to proposed rail line abandonments. Our memories reach back to years when the pioneers moved into this area, and what took place when the C.N.R. and the C.P.R. operated what they called Colonization Settlement Boards which, in many cases, preceded the settlers in the search for arable lands, and then returned with large placards advertising these fine fertile areas they had discovered, in an attempt to encourage people to go in and settle these productive

lands. A great many war veterans returning from overseas, having fought over there on behalf of this country, were encouraged to go into these areas and to develop them. They were assured that rail line surveys had been made and that these lines would be constructed. Provincial Governments offered large tracts of land for homesteading purposes. People moved in by the hundreds and thousands, to settle these vast areas in the Meadow Lake constituency.

These pioneers were led down the garden path by the railway companies and the various Governments. The C.P.R., for instance, in collusion with others, was allowed to mislead these people. In that area at the south end of my constituency, where I live, the C.N.R. surveyed a rail line and brought in settlers. The C.P.R. realized that this was a prosperous area and also looked at the area with some prospect of moving in. The C.P.R. was granted running rights over the C.N.R. track from Prince Albert to Debden, a distance of some 90 miles built an additional 90 miles and were allowed to reap the wealth of this area. No assurance or guarantee was required of that company that it would push on further. Why were they allowed these running rights without the assurance that they would continue the line? Surely those settlers in the areas of Goodsoil and Pierceland could expect that the C.P.R. would continue this line in return for running rights. These officials should have been compelled to continue this line. Many of the people in this area have to haul their farm produce to Meadow Lake, the nearest rail point, and in some cases over 65 miles. I suggest these people were betrayed.

Why has the C.N.R. not been compelled to build a line between Frenchman Butte and Heinsburg, Alberta, thus creating a direct line from Prince Albert and North Battleford and on into northern Alberta? Such a line would service all the people on the north side of the Saskatchewan River. This would mean a direct line link along the natural barrier of the North Saskatchewan River into Alberta. Why was the C.N.R. not compelled to build this line, closing the gap over a 38-mile area?

I am not one to advocate the nationalization of the C.P.R., as I believe in private enterprise, but I believe that if two farmers who lived side by side found that their holdings were not sufficient to provide both with a decent standard of living, one would sell out to the other. I think all the rollingstock in this area should be operated by one railway company concentrating its efforts on providing the service these people can justifiably expect. The C.N.R. pioneered this part of the country and should have the opportunity of operating this service. It should have been incumbent upon the Federal Government to see that this company provided the services warranted by the area and its development. I am sure when one looks at the fine farm towns that have sprung up in this area, the mineral resources which have not been tapped and the number of settlers who have moved in and developed the country, he can only come to the conclusion that these people have been deceived. Their rail line was abandoned before it was ever completed. If the gap were completed from Frenchman Butte to Heinsburg, Alberta, I am sure it would be a rail line that would pay dividends. One should look at its geographical location on the north side of the North Saskatchewan River.

[Mr. Cadieu (Meadow Lake).]

• (8:20 p.m.)

Look at some of the losing propositions in which the C.N.R. has invested and which the taxpayers have had to subsidize. There are so many that I could go on at great length. Take their adventure into the provision of hotel accommodation. I think they would have been well advised to leave the hotel business to private enterprise. The loss on the Chateau Laurier hotel alone would pay in a very short time for the bridging of the gap between Frenchman Butte and Heinsburg, Alberta, and I am sure it would do a great deal more for the development that this country needs than the Chateau Laurier hotel is doing for the welfare of the country.

So far as this problem is concerned, I think it is the duty of this Government or any government of the country to get down to straight facts and sound business principles, and to see to it that before the railway companies are allowed to talk about rail line abandonment they must lay their cards on the table and produce facts. This is particularly so in the case of the Government owned railway, and the Government should see to it that it does the things by way of development which are required of it.

When one looks at the Town of Meadow Lake he sees the largest grain storage facilities of any town in the Province of Saskatchewan. One can see that the products and the development are there. We do not know what they are paying to maintain 90 miles

of track in order to reap the benefit of this whole country, but we do know that both railway companies are complaining that they are not making any money on these lines. Let them get together on their books and see where the real trouble lies, before they are allowed to talk about coming in and tearing up the tracks.

Let us look at some of the blunders that were made by the railway companies. Let us look at some of the miles of grade they built on which they never laid the track. I am speaking now of the miles of grading they did from St. Walburg up through to Pierceland on which they never laid any track, whereas only a few miles away they should have linked up the gap between Heinsburg and Frenchman Butte, and they overlooked this completely.

I should like to speak for a few minutes about another grievance in my constituency about which quite a few people are concerned, and I think they have a right to be concerned. I refer to the Cold Lake bombing range. The land was taken over by the former Liberal Government to establish a bombing range at Cold Lake, and when settlement was first made early in the summer of 1957 a group of settlers in the area were discriminated against. I am speaking now of the Métis people in the Canoe Lake, Beauval and Île à la Crosse areas. They were tricked in the settlement that was made and were not paid on the same basis as other groups or individuals in the area.

When this was drawn to my attention in 1958 I set about to try to get these people further consideration. I was successful in doing this under the former government. While the payment was not made equal to the settlement received by the other groups, I was encouraged to believe that the payments would be brought up to an equal basis. Our Government was defeated early in 1963, but when I later approached the Associate Minister of National Defence of the present Government and presented the plight of these people to him, any further payment was completely rejected. I was told by the Minister that no further settlement would be made.

I think it was a shame that the Liberal Government of 1957 took advantage of these people. Later the Conservative Government, under the leadership of the present Leader of the Opposition (Mr. Diefenbaker), proved that there was a discrepancy in the settlement with these people. We made a further payment to them and planned to bring them up in line with other groups that had been affected by the bombing range.

I think the present Government had a responsibility to complete this settlement, and I do not intend to let them forget this injustice so easily. It is quite possible that some people will think that these people were well paid, but when a government takes away the livelihood of people and does nothing to rehabilitate them and their families, there certainly should be no discrepancy. All groups or individuals should be paid on an equal basis. The livelihood of these people was taken away from them because of this bombing range. Their forefathers came to this area and lived by fishing, trapping and hunting in the area. I think the Government of the day has a responsibility and these people certainly should have been rehabilitated in some other way, and not by paying them a certain amount of money on the eve of an election and taking away their livelihood from them. I think this was a shame. I am receiving letters every day about this matter and I do not think the Government has any right to say to these people: We are going to take away your livelihood from you; you will have to go on living there in your shacks and cabins and all we will pay you is a measly token.

The Indian Affairs Branch looked after the Indian population and they received a considerably different settlement from that given the Métis. I think it is the duty of the Government to open up this file and take a good look at it. We can easily go through the file and find out where the discrepancy lies, and give these people the justice to which they are entitled.

There is another matter which I brought up earlier. It has gone by the boards now and nothing can be done about it, but I think it is a shame. I am referring to the destruction of the mid-Canada radar line. How secret this was kept. I was the Member for that constituency and I was not told a single thing about it. I saw an article which said, I believe, that the Saskatchewan Government was notified, but did nothing about it because when the time was ripe for offering suggestions the Provincial Minister, who did not realize what this meant to northern Canada, was misled. This radar line across the vast northland of Canada cost millions of dollars and it was ordered to be scrapped. Crews were hired to go in, cut the guywires, and let the installations go to waste. They were told to wreck fine cabins and other such accom-

modation for the caretakers, and to destroy all the equipment.

• (8:30 p.m.)

As soon as word leaked out of the possible destruction of these towers, the Minister was questioned. He wanted to remain ignorant of the fact. He let on it was too late, then, but we found out 15 hours before these radar towers were to be destroyed. We questioned the Minister and he had received word that the C.B.C. was interested. He indicated that word of their interest had been received too late, but it was 15 hours before these towers were to be destroyed. You can declare war in a quarter of that time. With modern communications systems, this destruction could have been stopped. If the C.B.C. were interested, there was a possibility of bringing radio and perhaps even television into this vast area of the northland. One only has to think of the many isolated people, the thousands of young people in that area, to realize the benefit that might have been derived from such a development. However, nothing was done to stop this destruction.

This Government knew, and the Minister knew that there were crews stationed at these towers. He came out with the weak excuse that the towers were dangerous to airplanes flying in the area. Very few airplanes fly in the area, but the towers were equipped with beacon lights. We had the equipment and we even had the fuel to keep these lights going for the next ten years. This was a weak excuse. This destruction had to take place. These are some of the things that make one wonder. As I say, this destruction could have been stopped because the lighting equipment was there and the caretaker was there. There was no danger to airplanes. The C.B.C. could have been given time to study the possibilities of these towers which were built throughout this country at great cost, whether we paid for them or the United States government paid for them. If the C.B.C. was interested, then God knows they spend enough money, and in the interests of economy we should have given them an opportunity to study the matter.

I should like to speak for a few moments about northern development. During the past few days I received a copy of a speech, as I suppose many other hon. Members did, from a C.C.F. member of the Saskatchewan Legislature. He was giving his version of northern development. He advocated that a vast part of the Northwest Territories adjacent to northern Saskatchewan be included in that

[Mr. Cadieu (Meadow Lake).]

Province. I am sure the people of the Northwest Territories, when they look at the development that has taken place in Saskatchewan during the last 20 years under a C.C.F. government, would have little desire to be linked up with that Province. I could not blame them. When one looks at the development that has taken place in northern Saskatchewan under a C.C.F. government for the last 20 years and a Liberal government for 30 years, he finds that all that has been done has been the removal of minerals during wartime. Little has been done since.

The Leader of the Conservative Party in Saskatchewan proposed the construction of a rail line from Meadow Lake to Hudson Bay. This was no pipe dream. This is an area which has a vast potential in timber, minerals and fish products. I believe the Federal Government should take a good look at this proposal. We built the Pine Point Railway in Alberta and now that Provincial Government is proposing to build another rail line to develop the northern part of the province. Yes, there is great need for development of the northland. A number of years ago some of the businessmen in Meadow Lake, who could get no action from the Government, took it upon themselves to blaze a winter road through to Lake Athabasca in order that some of this freight that was going into Uranium City could go in through northern Saskatchewan, rather than through Alberta. They proved the feasibility of such a road. They blazed the road through and took freight in through Lake Athabasca across to Uranium City.

Under the former Government, and the Provincial Government of Saskatchewan, we started a winter access road. We built it as far as La Loche. When one looks at the terrain beyond that point, he cannot see any reason why this project should be stopped at La Loche. It should be continued to Lake Athabasca, then down to Stony Rapids where it could go into the Northwest Territories. I think Mr. Petersen, the Leader of the Conservative Party in Saskatchewan, had a brilliant idea when he proposed the construction of a railroad from northern Saskatchewan to Hudson Bay.

There is an unlimited potential for development in northern Saskatchewan, especially when one thinks of the mineral resources north of Buffalo Narrows such as iron and copper. There is a vast population in this area with nothing to do; there is nothing for them in the future, except socialist aid. Since this Government took office not

one move has been made to continue the winter access roads or to undertake any developmental projects. There is a great need, for instance, for a bridge at Buffalo Narrows where there was a tragic accident last winter. These are developments which, I am sure, would pay great dividends. I believe it is the duty of this Government to take a good look at the possibilities of northern development and to continue the work which was started by the former Government.

I recall so well that when I was elected there were hundreds of Indian boys and girls who did not have a school to attend. During the campaign of 1963 I could brag that not one Indian boy or girl was unable to attend school. We built wharves and we assisted the Provincial Government in the construction of winter access roads. Today we find everything at a standstill, the same sort of standstill we went through for 20 years under a Liberal regime. Why can these people not take an honest-to-God look at a country that has so much potential, and then let us get down to our northern development policy that was started under the Right Hon. John G. Diefenbaker?

• (8:40 p.m.)

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I want to congratulate very warmly the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the speech from the throne.

They discharged extremely well one of the most difficult tasks; did they not succeed in putting a new face on their old party?

Tradition was well served and the party's honour is safe.

Some criticism was most constructive, in particular what the hon. member for Villeneuve (Mr. Caouette), the leader of our party, the Ralliement Creditiste, had to say. I think everyone will agree that the first two days of debate were very interesting and useful to the house.

During those days every party had the opportunity to speak on behalf of its own group, and all members delivered well prepared and fine speeches.

On subsequent days, however, speakers were inclined to repeat simply the main ideas put forward by their first spokesman. We would have been ready to vote after the first stage; but since an eight-day throne speech debate is provided under the standing orders, members must speak during those eight days. We must vie with one another at all costs.

I shall try as much as possible not to repeat the remarks already put on the record, so as to spare you the torture of the drop of water.

As a matter of fact, since the beginning, we have been listening unconcerned and helplessly to a series of speakers and to what avail? Let us vote on the document read to us so that we can get on with it.

It is unthinkable that no government over the past 97 years felt the need to improve the beginning period of a session. Has it ever occurred to anyone that it was urgent to shorten this tedious period? Will an end ever be put to all these repetitions which are such a waste of the time of the house?

Governing, Mr. Speaker, is not a question of days or hours but a question of judgment.

Is there anything more painful than to drink even though one is no longer thirsty? And yet that is what we are asking the members of the house to do at the opening of each session.

The first time I attended this wordy battle, I thought it was to harden new members; such a performance on the part of adults is inadmissible because in a meeting intelligent men should have enough sense to keep quiet when they have nothing to say; however, timidity did not prevent some remarks to be made.

Today, at the opening of my third session, I notice a repetition of this comedy because, I am told, it is done in England. Mr. Speaker, you will agree with me that there is a limit to everything. We have today the absolute proof that our standing orders are outmoded.

I welcome this proposal to amend those dusty standing orders and I would even ask the Prime Minister to make it the first item of business.

Concerning this famous program containing the future business of the house, I would like to ask those in charge to establish a list of priorities for all those items and that it be scrupulously respected so that we may know what work we will be undertaking in the months to come.

Nothing is more disarming for opposition members not to know what tomorrow holds in store for them.

We are given notice of the business of the house for the next day only at ten o'clock in the evening while it is time to go to bed, and sometimes we are notified the same day. How can we proceed rapidly when we have not

been informed of the subject matter to be debated.

The last session, Mr. Speaker, was an unprecedented monument built to the painful memory of a government groping ceaselessly to find its way.

Is it due to the incompetence of its leaders? Is it due to the lack of experience of some members of the cabinet? Is it due to this internal disorder brought about by this wave of scandals that unfurled on key members of the administration and reached the rank of the most humble members?

Is it due to a hidden, extra-governmental influence, by which government itself is outstripped?

Who is the master in your house? Is it the private secretaries? The technicians or officialdom?

To all those questions, only the party in office holds the answers. It is certainly not compelled to reveal them publicly, although the Prime Minister has made unquestioned efforts in order to set afloat his ship which dangerously keels over.

However, I am afraid the crew is too contaminated.

At all events, the Prime Minister will certainly have his hands full with his own party, his own government.

That is why I advise him not to complicate his position by interfering with the neighbour's business, namely the provinces.

There is an old saying: "Grasp all, lose all".

So I say to the Prime Minister that if he insists on continuing his illegal interference in fields exclusively reserved to the provinces, he will run with closed eyes to disappointments much more bitter than those he has known in the last few months, while leading his group of adventurers.

• (8:50 p.m.)

We are, therefore, warning the Prime Minister and his cabinet that eight or ten items contained in the Speech from the Throne constitute a revolting change of policy toward the provinces and a direct insult to the province of Quebec where I live.

A few days ago the Prime Minister, through legislation passed here, offered the provinces the option to take over certain joint programs into which the federal government had wormed its way, but today, the same government is suggesting the establishment of further joint programs.

It is truly the game of old-line governments who hand $1 to the provinces so as to better take $10 away from them. And this is what has always been called treating the provinces fairly.

When will you stop laughing at the people?

Do you take all Canadians for complete morons or are you that irresponsible?

When Quebec asks the federal government to get out of those fields of taxation, that does not mean the federal government should merely change place or position, but that it should disappear from Quebec's territory and mind its own business in Ottawa. Do I make myself clear enough with those simple words?

Will the Liberal government finally be intelligent enough to learn to respect provincial rights?

Back home, we say "like father like son". A government that shows so little respect for other people's property is setting a very poor example to the other members of the family, as we can judge by what is happening within the Liberal party.

The Prime Minister knows, better than anyone else, that education, agriculture, health, natural resources are fields exclusively reserved to the provinces. He is, therefore, the less excusable for interfering with such offhandedness in the business of the Quebec government. One should, therefore, not wonder anymore at the beginning of a quite legitimate revolt among the very leaders of Quebec.

As evidence, the last warnings given by Mr. Jean Lesage to the federal government that he will not tolerate that what was given by the right hand should be taken back by the left hand. Such action is hypocrisy, and nothing more, and it is not honest.

Consequently, we demand from the Liberal government the cancellation of these items, and I beg all my Liberal fellow citizens, if they still have the right to speak in their party, to take every possible means to call their leaders to reason.

If we scan quickly the speech from the throne, what is obvious is the socialistic legislation advocated by an ultra-centralizing government.

While 60 per cent of the 30 items of the speech from the throne are only a jumble of rehashed proposals, repetitions, aiming only at one goal, "to increase the volume", the end of this deluge of words ends on a discovery: war against poverty.

Do you know at least that since the dawn of history associations and governments everywhere have been fighting against poverty? As you can see, yours is not exactly a new idea.

However, what you seem to forget more than anything else is that in order to help, you have to give not take.

What is lacking today is purchasing power. It is not by increasing contributions and taxes that you will restore the purchasing power that the labour classes need for their economic recovery.

Indeed, we notice that the government has failed to put forward a single measure to fill that gap, which is the same as saying that the most remarkable aspect of the speech from the throne is its shortcomings.

It is not by setting up commissions of inquiry to provide employment for those who served the party well but by launching concrete reforms which will directly affect the working class that you will solve the existing problem.

That is why we, of the Ralliement Creditiste, request an immediate increase in family allowances, which have been forgotten since 1945.

We also request that income tax exemptions be raised to $2,500 for single persons and to $5,000 for married couples, with an additional exemption of $600 for each child.

We shall continue to fight so that our senior citizens receive $100 per month at the age of 60, without a means test, in order to do away once and for all with this army of inquisitive patronage agents who continuously harass our old people.

Everyone agrees that the Unemployment Insurance Act is unfair, especially with respect to farmers. The present act discriminates against many workers.

When will the government finally present the bill amending this famous act, and for which we have been waiting so patiently? When will it stop penalizing the unemployed workers instead of giving them what they are entitled to, for which they paid and for which they were taxed?

The present act is only a penalizing system. A family head is penalized because he forgot to return his card every fortnight; he is penalized because he left his employer who was exploiting him; he is penalized because he was sick; penalized for having refused a job which was too far away; penalized for having worked two days away from his job where he was working for three months, and his 24 stamps were even withdrawn from him; penalized for reporting to the office half an hour after the time set by the manager. A farmer is penalized because he owns a farm; for having kept five dairy cows which yield nothing in winter; penalized under section 59 (b), (c), (d); penalized under sections 146, 60, 62, 64, 65, 66; always penalized but taxed from the very first hour of work.

The present government has the nasty habit of grabbing everything it can, of taxing everything to the limit and giving back only what it wants.

That is what the people find revolting. When will Canada have a government which will govern in the interests of the people? When the people learn to elect their representatives instead of having them elected by the financiers. It will then rest with the people to keep their eyes open in the future to elect their own members of parliament.

Mr. M. L. Klein (Cartier): Mr. Speaker, I am glad to extend my very warm congratulations to the mover of the address in reply to the Speech from the Throne (Mr. Cashin) and to the seconder (Mr. Chrétien) for their very appropriate speeches.

[*Text*]

I wish to add that both these young men are splendid examples of their races and both are destined some day, I believe, to achieve great things because they are eminently qualified to occupy the highest positions in this land.

• (9:00 p.m.)

I should like to speak tonight about the outcry which emanates from the Soviet Union and Red China whenever any action is undertaken by the Western allies or by the United States, whether it be in the Congo, Viet Nam, South Korea, when the West is constantly accused of being imperialistic. So I thought I would like to look at the record—and since 1945 the record of the number of countries which have achieved independence and the populations involved staggers the imagination.

I should like to put on the record the countries that have achieved independence since 1945. They are: Algeria, the Kingdom of Burundi, Burma, the Federal Republic of Cameroon, Cambodia, the Republic of Central Africa, Ceylon, the Republic of Chad, Cyprus, the Republic of Congo, the Democratic Republic of Congo, Dahomey, Gabon, Gambia, Ghana, Guinea, India, Indonesia, Ivory Coast, Jamaica, Kenya, Republic of South Korea, Malagasy Republic, Malawi, formerly Nyasaland, Mali, Malaysia, Malta, Mauritania, Morocco, Nigeria, Pakistan, the Phillipines, Rwanda, Senegal, Sierra Leone,

Somali Republic, Sudan, Tanzania, Togo, Tunisia, Trinidad and Tobago, Uganda, Republic of the Upper Volta, Zambia, Israel, Lagos and the Republic of Viet Nam. The total number of countries which have gained their independence since 1945 is 49. A population of 948 million people is involved and 11,500,000 square miles of territory has been liberated.

As opposed to this Western record we have to ask ourselves the question: Where is Latvia, where is Estonia and where is Lithuania? Under the domination of the Soviet Union and Red China since the war are the countries of Bulgaria, Rumania, Poland, Czechoslovakia, Hungary, East Germany, Albania, Yugoslavia, Korea, the Republic of North Viet Nam, Tibet—Tibet is an example of what can be expected if United States troops withdraw from South Viet Nam—Cuba and Mongolia. The Western alliance has not taken a single mile of territory belonging to any other country since 1945.

The struggle in North Viet Nam and South Viet Nam, Mr. Speaker, is not the struggle between the north and the south any more than was the struggle in North Korea and South Korea. The struggle in North Viet Nam and South Viet Nam is the struggle between the East and West. I remember, as do many members in this House, when France fell and England stood alone, the isolationist policy which existed at that time in the United States. I remember the United States First Party. I remember the United States Ambassador to the court of St. James reporting to the United States Government not to intervene in the war because Hitler was going to win. I cannot help but feel that instead of having the isolationist policy which the United States had in 1940 if the United States had intervened or warned Hitler in 1933 when he crossed the Rhine that he was going to have to deal with the United States, perhaps the second world war would have been averted.

When people say that the United States should get out of South Viet Nam because they have no business in South Viet Nam, I cannot help but think back to the time of the Hungarian revolution in 1956 or 1957—I do not recall the exact time—when people pleaded with the United States to go into Hungary during the three days the revolution took place. If United States troops were in Hungary tonight, Hungary would be free. If United States troops were in Poland tonight, Poland would be free. Wherever United States troops are there is also to be found freedom.

[Mr. Klein.]

As we are all aware, there have been renewed tensions in the Middle East, and while the Soviet Union makes an appeal to peace loving nations in the world to bring pressure on the United States in South Viet Nam, she is doing more to create problems in the world than any other nation by arming the Middle East. There have been renewed tensions in the Middle East, and the danger of a renewed outbreak of fighting cannot be absolutely excluded. I noticed in the press that despite the dominant preoccupation with the dangerous situation in Viet Nam the council of NATO has found the situation in the Middle East sufficiently dangerous as to merit its consideration last week. The most inflammable element in that situation is the build-up of armaments, on the one hand by the Arab States which say openly they are determined to destroy their neighbour Israel, and on the other hand by Israel, which feels her existence is under permanent threat and who is making desperate efforts to acquire military material by way of a deterrent. I feel it would be correct to say that if this arms race can be halted on both sides the dangerous situation might decrease. What is the use of discussing disarmament between the great powers if the Soviet Union continues to pour war materiels into the Middle East? It seems to me it would make better sense to take a first step toward disarmament, which does not involve the question of how the great powers should disarm, but would involve a pledge on the part of the great powers not to supply danger areas with arms, tanks, guns and planes.

• (9:10 p.m.)

Another step which should be taken before disarmament can be discussed, is a step to obtain agreement on the part of the great powers in respect of boundaries of all countries in the world, because as long as boundaries are in dispute there can never be disarmament. Perhaps such an agreement would lend itself to a more calm period, and once any danger of military intervention was obviated substantive political problems in the Middle East might improve, even though this is bound to be a slow and gradual process.

There is no denial of the fact that the Soviet Union represents the major factor regarding a build-up in arms at least on the Arab side through a continuous, uncontrolled and unlimited supply of materiel to the United Arab Republic and other Arab countries. Surely the Soviet Union is as interested as

are we and our allies in preventing a new conflagration in that delicate part of the world.

Therefore, I would request the Secretary of State for External Affairs (Mr. Martin) to consider approaches to the Soviet Union through diplomatic channels and, if possible, in concert with our allies in an attempt to find out whether something can be done by agreement with the purpose of putting a lid on the armament race which, if it continues unchecked, is almost bound to sooner or later cause further military clashes.

I do not believe that a third world war will come, as the result of a direct attack by one major party on another, but a third major war could come as the result of a smaller war in a danger area such as the Middle East or Viet Nam.

Another matter which I should like to commend to the attention of the Government, again in terms of diplomatic dialogue with the Soviet Union, is the problem facing religious and ethnic minorities inside the Soviet Union, particularly that of the Jewish community there which numbers close to three million. A process continues, by which the Soviet authorities are gradually but systematically stifling the possibility for Jewish people there, who wish to do so, of practising their religious beliefs and obtaining the means for observance of the dietary and other religious practices, and to express their specific culture by way of books, newspapers and language studies.

Recently we had an example in this country of two individuals applying for citizenship being denied citizenship because they did not believe in religion. Our Government is now financing their case before the courts in order to preserve what we think is their right. This is exactly opposite to the situation which exists in the Soviet Union.

This strangulation of religious and cultural life has been causing great anxiety to the Jewish people here in Canada, as well as to Jews everywhere in the world, and I would request the Government to seek every opportunity to explain to the Soviet Union that this anxiety is shared by humanitarian opinions in this and other countries. Assuming that the Soviet Union desires to build friendship with our country, not only in the sphere of Government relations but also in the sphere of wider public relations, they should realize that this policy which is directed particularly at this moment against the Jewish community is not only wrong in itself but is bound to militate against their efforts to create a better image of the Soviet Union in the world.

In this connection there exists a problem in respect of reunification of families torn apart by World War II. Many of my constituents and I myself have been most gratified to note that our Government has continued its efforts to persuade the Soviet Government to alleviate individual suffering by permitting members of broken families to join their dear ones here in Canada and in other countries, and I sincerely hope that these efforts will bear fruit.

In conclusion, I should like to point out one specific thing. We in this country are going to debate very shortly the abolition of the death penalty. I believe that the tenor of this House favours the abolition of the death penalty, but while we are debating that question the Soviet Union still maintains the death penalty for economic crimes. I hope the debates which take place in this House on the abolition of capital punishment will be forwarded to the Soviet Union, so that they might know how Canada feels in this regard and how a democracy operates, and that while the death penalty for economic crimes existed perhaps in the 17th and 18th centuries, it has no place in the 20th century.

Mr. J. H. Horner (Acadia): Mr. Speaker, I welcome the opportunity to speak during this debate on the Throne Speech. Like many other farmers I listened closely to the Throne Speech for some indication of hope for the farming industry. It contained a great deal of reference to poverty, yet in only one paragraph did it touch upon farm economy. Nowhere in that Speech was there set out any concrete or specific suggestion as to what will specifically be done in this regard.

The Throne Speech contained some reference to aid to uneconomical farms and assistance for small farmers, through ARDA and other measures, to put the agricultural industry on an economic basis, as they term it. Let us consider quickly the position in which farmers find themselves today. In doing so we must remember that the price of wheat dropped last fall approximately 18 cents per bushel. We must also remember that beef prices fell three cents per pound, pork prices were down and that there was general concern in respect of dairy products, and prices of other farm products, including eggs. We have recently heard a good deal of talk about farmers marching on Ottawa. This must drive

home to the Government that there is a great deal of fear and unrest among the farming population today. There is a lot of talk about how the small farmer has to be moved so as to make room for the big farmer. How small is small? The large farmer today may be a small farmer tomorrow. This is the concern of the agricultural industry as I see it.

• (9:20 p.m.)

Surely as legislators we must realize that for a farmer to make a success of farming he must love the occupation. He must love the land, he must love animals, and he must love the outdoor life and the freedom to do what he wants to do when he wants to do it. I think that basically farmers do like farming for these four reasons.

But what is the trend today? The farmers are saying: Where are we going? Last fall the farmers faced a general decline in farm prices. They are not really desperate yet, but they are concerned. What is the trend today? What does the future hold for the farmer? In the United States, President Johnson is talking about the great society. What does the great society of Canada hold for farmers today? The fact is that their numbers will become smaller and smaller, their land larger and larger, their cares greater and greater and their pocketbooks slimmer and slimmer. This may well be the trend of agriculture today. How can the trend best be arrested? That is the question that I think the Minister of Agriculture (Mr. Hays) and others should be concerning themselves with.

An hon. Member: He is not here.

Mr. Horner (Acadia): Well, the Minister is busy making speeches and trying to be the farmers' friend, but rarely if ever visualizing the farmers' plight as the farmer sees it. Some time ago the Minister referred to himself as the food minister or the grocery minister. I saw him on television one night about six months ago when he said that we have a meat problem in Canada. What is he doing about it? I looked for something in the Speech from the Throne. Where is it? Where is the great aid for the basic problems confronting agriculture? It is not a question of giving handouts to farmers or more money to small farmers to drive out their neighbours.

I should like to direct the Government's thinking today to the other side of the coin. People are continually saying that we must drive out the inefficient farmer and force him out of business by one method or another. Editorials in newspapers say: Do not subsidize the inefficient. Let us look at the other side of the coin. Is there not inefficiency in the marketing of the farmers' products? Surely we all know that the lower the price the farmer gets for his product, the more he must produce of that product; and the more he produces of the product, the greater the surplus and the lower the price he gets. The farmer finds himself on a terrible treadmill.

Let us have a look at the selling methods so far as the farmers' products are concerned. As cities grow and expand we see suburbia springing up here, here and here, and the establishment of great shopping plazas with food stores. Today these shopping centres do something like 75 per cent of the retail food business. The Price Spreads Commission, which dealt with the matter up until 1958, said that by that time shopping centres had gobbled up 64 per cent of the retail business and the small independent grocers had only 36 per cent. I would venture to say that today the shopping centres have close to 75 per cent, if not more than that.

I know there is a general concept today that these large, well lighted food stores with their big buildings must be efficient because of their size. This is not the case. The Price Spreads Commission of 1960 found the very opposite to be the case. They found that the supermarkets are not necessarily efficient. As I mentioned, the farmer is concerned about his share of the consumer dollar. In the report of the Price Spreads Commission of 1960 I notice that in 1949 the farmers' share of the retail dollar in the case of a loaf of bread was 23 per cent, while in 1958 it was 12 per cent. I would think that today it would be close to 9 per cent. That is found on page 312, volume 3, of the Price Spreads Commission report.

The same thing is true of beef, eggs and every agricultural product that the farmer markets today. Taking 1949 as the base year and representing 100, the retail price of beef today is 140. Yet there is only 2 cents a pound difference in the price the farmer receives. In 1949 the average price of beef on the hoof at the stockyards was 20 cents a pound. Today it is 22 cents. Yet there is a difference of 40 index points in the retail price of beef over the same period of time. Where has the inefficiency been in the marketing of that product?

Over the week end I visited the shopping centres of Ottawa and watched consumers buying in Loblaws, A & P and Dominion

Stores. I would say that the grocery chains in Ottawa are a prime example of what the Commission pointed out, the inefficiency in the marketing of the farmers' products. I have here a flyer from a Calgary newspaper and I will refer to it as an example. In Calgary there is keen competition in the meat industry right through the packing plant and shopping centres down to the consumer. I dare anybody in Ottawa to tell me where weiners can be bought in this city for three pounds for a dollar. I use weiners as an example because they are a typical food, and similar in Western and Eastern Canada. You can buy the best steak in Calgary for 75 cents a pound, but at Loblaws in Ottawa on Saturday steak was $1.05 a pound. Where has the 30 cents gone? That is what the farmers want to know. In the old days when grocery stores were owned by individuals and the grocers had a guild they would take the owners of Loblaws, tar and feather them and drag them through the streets to convince customers that they were a firm with which they should not do business.

Mr. Greene: What are you waiting for?

Mr. Horner (Acadia): Some smart aleck who does not know the seriousness of the plight of the farmer is making some loud remark. There is talk about the inefficient farmer. Let us look at the inefficient marketing of his products. This is what the Price Spreads Commission had to say about the food industry in 1960 in their report. I quote from page 60:

> The evidence we have studied has led us to the conclusion that there is an essential difference between the determination of prices at the farm level and the determination of prices in other markets between the farm and the consumer.

They then go on to say:

> The general recommendations we have made are designed to bring about changes in the process of price-making in the food marketing system which would be of benefit to consumers...and to primary producers...

They may have made recommendations but those recommendations did not bring about a general revision of price-making in the shopping centres. One only has to go to the shopping centres in Ottawa and see the prices that A & P, Loblaws and the rest of them charge for meat, and then compare the prices in Calgary for similar meat. I used the example of three pounds of weiners for a dollar. Bologna is another product that is the same all across Canada. It is four pounds for a dollar in Calgary. You cannot get two pounds for a dollar in Ottawa.

• (9:30 p.m.)

No, there is just no rhyme or reason for that price differentiation. The trouble is that there is no competition in the marketing of food, particularly meat products, in the large shopping centres. They are competing in the marketing of services, as was pointed out on page 26 of the Price Spreads Commission report. They said they were convinced that the structure of the food marketing industry has contributed to the advancement of prices to consumers, although they were unable to measure the effectiveness of the structure or the amount by which added services were really widening the spread in the price to the consumer.

I point this out because I seriously believe that this part of the agriculture industry needs greater study. You can take the Hedlin and Menzies report on poverty on the farm, and on inefficient farms, but let us look at the need for competition in the area of marketing of farm products. Certainly, we all know that under a system of free enterprise you must have sharp and keen competition or things get out of line. This is exactly what has happened. Our city planners who have been planning suburbia and the shopping centres have given these shopping centres a captive market with very little competition. They have driven out the independent grocer solely because the independent grocer has not provided a parking place for his customers. This subject needs careful study, and I would recommend a royal commission to do that.

One only has to talk to people who are buying beef at the stockyard, and ask them what determines the price. They will say: We have an order—and I am a buyer for Canada Packers or for Burns—from Safeway for such and such a poundage of beef. They will tell you out and out that today the shopping centres are able to dictate the price the farmer receives for his beef. There is evidence of this in the Price Spreads Commission report. The shopping centres, the chain stores, show a greater profit when the price to the farmer is the lowest. This is understandable, if you know their system. They charge all the market will bear. If the price of cattle is high and the shopping centre has to pay dearly for beef, that narrows the spread between what the shopping centre pays and what the consumer will pay. The consumer will only pay so much. If the price to the farmer is low and the shopping centre can buy beef cheaply, that widens the spread.

This is exactly what was pointed out by the Price Spreads Commission. The final price remains what the consumer will pay, and there was ample evidence of this as I toured the shopping centres here in Ottawa on Saturday. There was ample evidence that the shopping centres and chain stores were selling meat, in particular, at the highest level and were robbing the public of dollars which the public did not realize they were losing.

Somebody says, "Oh". I ask him to study the market to see if I am not correct. We hear a great deal of talk about productivity on the farm and how the farmer must be efficient. Let us have a little efficiency in the marketing of his products. Somebody may wonder why the shopping centres are able to widen the spread. This is solely because today the average worker spends 20 per cent of his wage on food, whereas a few years ago he spent 25 per cent. In other words he has more money to spend on food today than he had a few years ago. The shopping centres, therefore, can charge more for this food and widen the margin of profit. There is evidence of this in the Price Spreads Commission report. I have a number of pages marked, but I do not believe I will have time to read them.

One only needs to look at the *Financial Post* of September 26 which dealt with wholesale chain stores marketing food to see that the dividend on those shares doubled in the last four years. Certainly, I believe we must take a very close look at these facts before we condemn the small farmer, before we condemn the inefficient farmer. We should take a look at the inefficient system that great society, as President Johnson calls it, has evolved. Certainly the profits of chain stores and grocery stores that handle meat are higher than any other part of the industry.

On page 28 of the Price Spreads Commission report, volume 1, there is a table which outlines the gross margins of food retailing and wholesaling outlets up until 1957. This indicates that chain meat stores have the widest margin; 20.2 per cent of their sales was profit. It rose from something like 15 per cent in 1951 to 20 per cent in 1957. I suggest that if one could find similar figures today he would find it would be practically 24 per cent or 25 per cent. This is their profit margin on the products we are asking the farmers to produce.

During the last session of this House we had a committee set up to study the prices of feed grain for farmers in Eastern Canada.

This committee would have been better off studying the relationship of the price a farmer receives for his product and the price the consumer has to pay for it. This would have done the farmer a lot more good, in my opinion. Perhaps the committee could have recommended an agency to watch over the shopping centres rather than recommending an agency to watch over feed grain prices. A civil servant told me this interesting story, and I was not going to tell it, but I will. He said that we were importing mutton from Australia. I asked how it happened we were importing mutton from Australia when we had such a difficult time selling our own mutton or lamb. Nobody really likes mutton. This man deals with the packing plants and the chain stores every day. He said they are taking beef blood plasma and mixing it with Australian mutton, then selling it as ground meat. This is the kind of thing that is happening to our meat industry in Canada.

An hon. Member: We are getting the wool pulled over our eyes.

• (9:40 p.m.)

Mr. Horner (Acadia): Somebody says we are getting the wool pulled over our eyes, and that is certainly true so far as the consumer is concerned, and so far as the primary producer is concerned. These people are charging all the market will bear, and their profits are largest when the price to the primary producer is lower. It is therefore their prime purpose to keep the price of the primary producer as low as possible so their profits will be as large as possible. I am convinced that is the basic rule of thumb on which shopping centres and meat chain stores work. I am sure you, Mr. Speaker, and other hon. Members know about this. The housewives have heard the price of meat has gone down and that the farmers are in terrible shape because the price on the hoof has dropped. But when they go to the butcher shop they never see that reduction in the price they pay.

I am sure all housewives in Canada have asked their husbands at some time or another, "Why don't we see this reduction in the price of meat when we go the meat store?" The reduction is rarely seen there or, if it is, it is a gradual reduction, not a sharp one which could be brought about by keen competition at the retail level.

I do not believe that the packing plants are making a killing. In fact I think they are operating a very efficient type of business;

but it is the chain store, the final outlet, which is the culprit in this industry.

About two years ago the Restrictive Trade Practices Commission dealt with the merger of Canada Packers with Calgary Packers of Calgary, and Wilsil Meat Packers of Montreal. The price squeeze commission brought down their evidence, which was referred by the Minister of Justice to counsel who recommended that no prosecution be undertaken. The Throne Speech is concerned with the livelihood of farmers and we as legislators are concerned with this problem. Canada Packers today processes 30 per cent of the meat consumed and produced in Canada. This is a huge supply to put in the hands of one company, especially when one understands the principle that competition must be keen and active in order to maintain, for any length of time, the free enterprise system which we all cherish so much.

At the time the price squeeze commission reported there was great concern among farmers because nobody in government proceeded to prosecute Canada Packers. Recently we had the Minister of Agriculture (Mr. Hays) tour Australia and New Zealand and return with a terrific report. He spent a lot of money and I hope the taxpayers of Canada will get something for it. He gave us a great report to the effect that a steer could be produced in Australia for $7 while it would cost $100 for the same steer in Canada. What has happened to Australian beef production over the past two years? They have pretty nearly doubled their beef production and that increase is continuing at a rapid rate.

What do we see Canada Packers doing now? The *Financial Post* of April 10, 1965 gave an outline of the great profits Canada Packers are making and how much dividend they were paying on class A and B shares. I quote from that paper as follows:

> Recently the company announced it had formed a partnership with Jackson's (Corio) Meat Packing Pty. Ltd., of Geelong, Australia, to operate a packing and canning plant there.

This will be interesting to farmers in Canada because we know that, in years ahead, what happened in the United States during the past two years, due to the importation of Australian beef at a tremendous rate—which caused a great deal of concern to the U.S. beef industry—will happen here. Will it matter to Canada Packers Limited if they make a dollar processing Canadian meat or processing Australian meat and selling it in Canada? It will make no difference. Canada Packers can see what is coming and that is why that company is buying plants in Australia.

The biggest threat I can see today is Australian beef production. The Minister has admitted quit frankly that we have a meat problem in Canada. At one time or another he has called himself the minister of food and the minister of groceries. We cherish the idea that this is a free enterprise system and that we must maintain competition, but there is plenty of evidence from the Commission on Price Spreads of 1959 and 1960 to suggest shopping centres do not especially try to become efficient, so far as keeping the price spread narrow. In fact they try to keep the spread as wide as possible.

Though I do not see it mentioned in the Speech from the Throne I would like the government to follow what the United States is doing in the same industry, and in this connection I would like to read a short paragraph from the *National Livestock Producer*, a United States magazine, which I believe is published in Denver. It deals with the U.S. National Commission on Food Marketing and with what the U.S. expects this Commission to do. I quote as follows:

> "In the study of meats and livestock," said Dr. G. E. Brandow, Commission executive director, "attention will be directed in part to the sale of meat by packers to wholesalers and large retailers. Practices of buyers and sellers will be studied from the standpoint of efficiency of distribution, fairness of competition, manner of price determination, product differentiation, and relative bargaining power of participants. A second area dealing with livestock markets and feedlot operations of packers will be similarly examined.

I quote this to show what they are doing in the United States. The U.S. combines investigation branch directed its attention to the electrical industry in the States over the past few years, and not so many days ago it prohibited the merger of a couple of breweries. Now its investigations are being directed to the shopping centres, and the problem brought about by this new system of marketing the farmers' produce. They are showing a real concern for it, and I would hope our Minister of Agriculture could take up from where the Price Spreads Commission left off, which pointed out a similar trend in the food marketing industry.

Many farmers across Canada would like to see a study made of this problem and I hope the government will meet this demand to study efficient marketing of the farmers' produce. I am convinced that here lies a large part of the answer to the problems of

the small farmer. I am sure most people realize that if a man wants to remain a small farmer he should be allowed to do so. As I see it, it is the Government's duty to create a climate in which the large and the small can work side by side, not a climate in which the large can strangle the small.

In many cases in farming, the small farmer is the most efficient. This was pointed out also by the Royal Commission on Price Spreads because the small and independent grocer is the most efficient in many cases in price setting and maintaining price competition. The large chain stores are more concerned with offering services, and I believe this whole problem needs a thorough investigation in order that the farmer may maintain his rightful share of the retailer's dollar.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, this debate is usually noted for its variety, both in style and subject matter. I would like my opening words to be traditional; that is, I would like to join in the congratulations to the mover and the seconder of the Address in Reply on their very well delivered speeches at the opening of the debate. I think they deserve congratulations.

• (9:50 p.m.)

My colleagues in the New Democratic Party have presented in this debate a series of policy statements as an alternative to the policies outlined in the Speech from the Throne. They have proposed immediate action to implement the report of the Hall Commission for universal Government financed medicare. They have dealt with the steps required to achieve the goals set up by the Economic Council of Canada. They have dealt with manpower and employment policies and with steps at the federal level needed to protect the consumer. They have indicated the vitally important role of the Federal authority in the field of education, if Canada is to meet the challenge of the age of automation.

But all of this will be difficult if not impossible without a new sense of national purpose and unless we solve the crisis of Canadian unity. This sense of national purpose, this solution to the crisis of Confederation, will have to be embodied in a new Constitution. I urge that the most important task confronting this Parliament is the task of developing and framing a new Constitution for Canada.

It is for this reason that I find the Speech from the Throne a bitterly disappointing document. Not only is there no suggestion that the Parliament of Canada will be allowed to take a serious look at a new Constitution for Canada by means of a special Committee set up for the purpose but, on the contrary, the Speech from the Throne promises to bring into effect the constitutional amending formula which will—for reasons I will speak about later—sound a death-knell to any hope of a dynamic re-thinking and revision of our constitutional structure.

[Mr. Horner (Acadia).]

There are both negative and positive reasons why a new Constitution for Canada is required. One of the negative reasons is expressed by two distinguished Canadians in a book called "Ten to One". One of the authors, Mr. Fowler, is a Liberal of English or Scots background; the other, Mr. Faribault, a Conservative of French background. Both are distinguished businessmen. Although I would hesitate to endorse all that they say in "Ten to One", I think Canadians will be much indebted to them for their tackling boldly the problems that face Canada. They say:

> The present Canadian Constitution as set out in the British North America Act and subsequent amendments, is inadequate to meet the needs of Canada in 1965.

And again.

> In any event the kind of constitution we envisage for Canada—a document that will be a resounding declaration of our present national agreement and a point of departure for our future unity—will not be achieved by tinkering with clauses of the British North America Act. We must find some way to make a bold fresh start. We think that the new Constitution Canada needs, is a much more comprehensive undertaking.

I could not agree more. Canada and Canada's Parliament should now be embarking on the preparatory work for such a bold and comprehensive undertaking. Instead, the Government by urging on us a too rigid and inflexible formula, is asking us to foreclose forever such a possibility and to condemn ourselves to a static—not a dynamic—conception of Canada's future.

I am sure that many people, including perhaps a few in this House, think of constitutions as dull, legal documents fit only for the discussion of constitutional lawyers, political scientists and other self-appointed experts. There may be times when this is true, but not, I venture to assert, in Canada today. I prophesy that there will be an increasing and intense public concern amongst Canadians about the Constitution for the next few years. The Constitution is the framework within which Governments can act or can be prevented from acting to meet human needs. Constitutions, if they are inflexible, can prevent governments in the future from

dealing effectively with basic practical needs, for example for full employment, for economic growth, for minimal labour standards, for adequate marketing of farm products, for Canada's full international stature, and many other vital requirements of a dynamic changing society.

The Royal Commission on Bilingualism and Biculturalism has in its preliminary report given us a solemn warning that we must make adjustments if we are to meet "the greatest crisis in our history". Can anyone doubt that the richer, more dynamic Canada whose rebirth is called for by the Commission will require new constitutional forms to be evolved? This in turn will require much effort, examination, travail and "dialogue", to use a term now so much in favour.

It is for this reason that the insistence of the Government that we should accept a rigid amending formula would be funny if it were not tragic. The Minister of Justice (Mr. Favreau) speaking in Montreal on February 27 said:

> I have no doubt that the population of Quebec will understand that the formula, even if certain intransigent ideologists find it less than ideal, represents an indispensable step in our constitutional evolution. Obviously it is only a preliminary step to a formal revision of the Constitution.

Thank God the people of Quebec have more intelligence than the hon. gentleman credits them with. At the risk of being called an intransigent ideologist—and I would be in good company—let me state as clearly as I can that this so-called indispensable step may yet turn out to be the last step, because in the guise of taking the first preliminary step Canada would be hobbling herself for all time. What is the core of the amending formula and why are we in this party fighting it with all the force we can muster? It is contained in section 2 which makes subject to the unanimity rule, as it is called, that is, the veto of each one of the Provinces, all substantial amendments affecting in any way the powers of the Provinces to make laws. This would have a threefold effect.

But I see it is now ten o'clock and I will leave the dénouement of the threefold effect until tomorrow, if I may.

Mr. McIlraith: I would like to ask that we continue for a few minutes, if that is agreeable, in order to deal with the two resolutions I mentioned today at 2.30. The first is No. 5 on today's Order Paper.

Some hon. Members: Agreed.

Introduction of Legislation

EXCISE TAX ACT

PROVISION FOR TAX REFUND ON DESIGNATED GOODS

Hon. E. J. Benson (Minister of National Revenue) moved that the house go into committee to consider the following resolution:

> That it is expedient to introduce a measure to amend an Act to amend the Excise Tax Act, chapter 12 of the statutes of 1963, to permit a refund of or deduction from tax or a payment of an amount equal to tax to be made in respect of designated goods described in section 10 of that Act that are sold and delivered, or applied to a use resulting in the property in the goods passing, after December 31, 1964.

Motion agreed to and the house went into Committee, Mr. Lamoureux in the Chair.

Resolution agreed to.

Resolution reported and concurred in.

• (10:00 p.m.)

Mr. Benson thereupon moved for leave to introduce Bill No. C-96, to amend an act to amend the Excise Tax Act.

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

PUBLIC SERVICE

AMENDMENTS RESPECTING SUPERANNUATION

Hon. G. J. McIlraith (President of the Privy Council) moved that the house go into Committee to consider the following resolution:

> That it is expedient to introduce a measure to amend certain acts respecting the superannuation of persons employed in the public service, members of the Canadian forces and members of the Royal Canadian Mounted Police, to give effect to the provisions set out in Finance votes 18d, 21d and 23d of the supplementary estimates (D) tabled in the House of Commons on March 19, 1965.

Motion agreed to and the house went into Committee, Mr. Lamoureux in the Chair.

Resolution agreed to.

Resolution reported and concurred in.

Mr. McIlraith thereupon moved for leave to introduce Bill No. C-97, to amend certain acts respecting the superannuation of persons employed in the public service, members of the Canadian forces and members of the Royal Canadian Mounted Police.

Motion agreed to and bill read the first time.

Mr. Deputy Speaker: When shall the said Bill be read the second time? By leave, now?

Some hon. Members: Agreed.

Proceedings on Adjournment Motion

Mr. McIlraith moved the second reading of the Bill.

Mr. Ralph Cowan (York-Humber): Mr. Speaker, might I ask a question on second reading. Are these changes going to cover Messrs. Bélec and Poitras, the men who are now no longer on the staff of the R.C.M.P.?

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

May I suggest that these questions may be asked during our consideration in the Committee of the Whole.

Mr. Cowan: All right.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to, bill read the second time and the House went into Committee thereon —Mr. Lamoureux in the Chair.

On clause 1—

Mr. Cowan: Mr. Chairman, I should like to ask one question. If these changes do not establish payments to Messrs. Bélec and Poitras, recently connected with the Royal Canadian Mounted Police, I am in favour of passing them tonight; but if they do place these men in a preferred position, enabling them to receive some type of superannuation, I wish to discuss the matter at another time.

Mr. McIlraith: Mr. Chairman, this bill does not in any way affect the rights of Messrs. Bélec and Poitras.

Clause agreed to.

Clauses 2 to 6 inclusive agreed to.

Title agreed to.

Bill reported and read the third time and passed.

Mr. McIlraith: Mr. Speaker, I should like to thank the House for its co-operation.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the house under Provisional Standing Order No. 39A deemed to have been moved.

AGRICULTURE—BRITISH COLUMBIA—REQUEST FOR LONG TERM LOANS TO TREE FRUIT GROWERS

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to raise a question this evening about something of which I have personal experience, having been a practising orchardist for nearly 50 years. In discussing this at the present time let me say that I have grown fruit even earlier than the somewhat junior graduate. At one time I even ran poultry. In fact, I come from a family which I think is the only family in British Columbia I know of that operated a travelling rooster.

[Mr. Deputy Speaker.]

Let me say that we paid $100 an acre for forest land which we were told would grow apples and grow us rich. We grew apples but we did not grow rich.

I am well acquainted with the problems that I wish to present to the Parliamentary Secretary this evening. I know these problems which face the tree fruit growers in British Columbia both in respect of production and marketing. I represent a part of the country which is ideal for the growing of tree fruit. Unfortunately, owing to the flooding that will be occasioned by the building of the High Arrow dam many thousands of acres of some of the best land in my constituency for growing peaches, cherries, apples and pears will be destroyed.

• (10:10 p.m.)

I want to bring to the attention of the Parliamentary Secretary a resolution that was adopted at the last annual convention of the British Columbia Fruit Growers Association. That organization has been in existence since 1889 and represents the tree fruit growers of the Okanagan and Kootenay districts in the southeastern part of British Columbia. This organization has had long experience in respect of the problems which face the fruit industry. This question was raised at their convention which was held between January 19 and 21 of this year and it was the subject of considerable discussion because it is a problem that faces tree fruit growers in British Columbia and in other parts of Canada. I am sure the same problem will be found in Ontario and Quebec, and no doubt in the Maritimes. As the result of this discussion the following resolution headed "Financial Assistance Program" was adopted:

> Whereas there is no act or arrangement at present under which fruit growers may borrow long term, low interest funds to renovate their orchards by cutting out trees of low marketable varieties or on low volume rootstocks and replacing the removed trees with varieties acceptable to the consuming public and on high volume type rootstocks, and
>
> Whereas many orchards were planted 30 to 40 years ago and the production has fallen to 500 to 700 bushels per acre of average to low quality fruit and are therefore uneconomical, and
>
> Whereas it is estimated in the United States that production of 1,500 bushels of high quality apples

per acre must be produced in the years to come to meet competition.

Therefore be it resolved that the British Columbia Fruit Growers Association approach the Canadian Government and request that the Farm Credit Corporation or other Government plan be amended to the extent that loans be made available to fruit farmers to enable them to cut out all or a part of their trees, if thought necessary, or plant or replant with acceptable market varieties on quick bearing high volume rootstocks, said loans to cover not only the removing of old trees and replanting of new ones, but the continued care and maintenance of the new trees until they have grown to an economic size, and moreover funds be loaned to take care of the livelihood of the farmer to enable him to carry out the above renovations.

This very important resolution was passed by this convention as the result of considerable study of this question. Our foreign markets are changing. We are losing the market in Britain and Europe for certain varieties. We used to have a very large market for Cox's Orange in Britain. There have been very heavy plantings there since the second world war and there are large imports from Italy and other parts of Europe and from Australia and New Zealand. The competition there is keener.

The Canadian consumer now has a different taste and requires a different type of apple. More and more the Canadian consumer has changed from the green and high quality apple to red apples like the McIntosh, Red Delicious, Rome Beauty and apples of that type. This has caused the growers to realize that they have got to change some of their varieties, if they are going to compete in the foreign and domestic markets, and they have also got to change to varieties, particularly dwarf specimens, that produce on quick bearing, high volume root stocks at a much higher rate than at the present time.

It is because of the problem that faces the growers that they gave it such consideration at the convention, and I was asked to raise the matter here. I always like raising matters and asking questions of the Parliamentary Secretary because I take great delight in the fact that I attended Ontario Agriculutral College in 1909 and he was born the following year. So it is a question of an aging man talking to a juvenile—but a very wise one, I trust, in these circumstances. My question is: Has the Department heard of these representations from the British Columbia Fruit Growers Association? Are they giving them serious study and what is the intention of the Government with respect to this request?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I wish to express appreciation to the hon. Member for Kootenay West for bringing this important matter before the House. I also want to express appreciation for the fact that he has completed his autobiography so far as I am concerned. I always knew he was a tree farmer but I did not know his experience extended to orcharding and, of course, I am particularly happy about that.

In the absence of the Minister I am unable to confirm or deny whether or not representations have been received by the Minister on behalf of the British Columbia Fruit Growers Association, but I would assume that representations have been made. I am conscious, of course, of the changes that have taken place in recent years and that tastes have changed as indicated by the hon. Member. I realize that orcharding is a business that has gone through various stages of specialization and that orchardists no longer grow 10 or 20 varieties as they used to do in years gone by. I realize they are now concentrating on the more desirable varieties in order to meet consumer demand. I can only assure the hon. Member for Kootenay West (Mr. Herridge) that this matter will be brought to the attention of the Minister. I am confident that very careful consideration will be given to it. Of course, the hon. Member will appreciate that I am unable to give him any firm commitment, since his question involves a matter of Government policy, which would be announced by the Minister in due course. I wish to assure him, however, a question so pressing will be brought to the Minister's attention.

ADMINISTRATION OF JUSTICE—PREPARATION OF PAMPHLET ON CAPITAL PUNISHMENT

Mr. Ralph Cowan (York-Humber): Mr. Speaker, on Friday afternoon the Minister of Justice (Mr. Favreau) was speaking in the Throne Speech debate and he made an announcement that was new to the Members of the House. He indicated that he had given instructions to his departmental officials to prepare, for the information of hon. Members and the general public, not a white paper, because it will not involve a matter of Government policy, but an information pamphlet bearing on capital punishment. This pamphlet will be made available to all Members, and will contain statistics, along with the pros and cons of the problem involved. Finally, there will be a historical record and the result of facts observed in various

countries which, to a varying degree, have retained or abolished capital punishment. This was the announcement made by the Minister.

As one who favours the retention of capital punishment, I wish to ask the Minister of Justice if he will see that this information pamphlet is as fair as it is possible to be in presenting both sides of the matter, because this is an information pamphlet which is going to be paid for by the taxpayers of Canada. Since it is not a Government white paper, it should be impartial when discussing a matter that affects the hearts and consciences of Canadians as does this question of capital punishment. I am not one to argue that the Cabinet is the repository of all the virtues. I do not believe that it is impossible for them to commit an error. This is particularly so when I can show you a copy of the April 1 issue of the *United Church Observer*, the official publication of the United Church, where on page 14 of this edition, in discussing the question of capital punishment, this publication makes the flat-footed statement that the British Parliament has voted capital punishment out, while public opinion favoured its retention.

This is a definite misstatement of fact because the British House of Commons did vote against capital punishment, but the question has yet to go up to the House of Lords. It has since been stymied in the House of Commons. If an official organ of the United Church of Canada cannot present the facts accurately, then I am asking you, can an information pamphlet be prepared accurately presenting both sides of the case, when you bear in mind that this Cabinet has commuted every death sentence which has been imposed since they came into office two years ago this month? This certainly gives an indication of their way of thinking.

When the Minister of Justice was speaking on Friday afternoon he stated that we are no longer in an era of punishment for vengeful purposes. The only people I hear making such statements are those who are in favour of the abolition of capital punishment. The Minister of Justice not only made that comment on Friday afternoon, but the day he announced the commutation of the death sentence of the Santa Claus murderer Marcotte, he announced this free vote on capital punishment. Later, when speaking in Montreal, he said he was against capital punishment except in three specific instances, which he mentioned. Marcotte fitted into all three. He had murdered a policeman, he had been convicted and he is now being tried on a second charge of murdering a policeman.

[Mr. Cowan.]

• (10:20 p.m.)

Could I suggest to the Minister of Justice or the Department, in order that this pamphlet may be as fair as possible, before it is published, and certainly before it is printed, that it be shown to and considered by one or two, or three representatives of that school of thought who still believe in the moral law.

We do not think it is a good policy to appoint cats as guardians of goldfish bowls, and since the *United Church Observer* states that those who favour the retention of capital punishment are fundamentalists or policemen, I would suggest the Department of Justice might ask Mr. George A. Shea, secretary of the Canadian Association of the Chiefs of Police, of Montreal, to consider the pamphlet before giving it to the printers; or the Rev. Perry Rockwood, of Halifax, Nova Scotia; or Hon. Claude Wagner, Attorney General of Quebec, the man who prosecuted the Santa Claus murderer in the first case; and I would suggest with all respect Mr. Heath Macquarrie, the hon. Member for Queens, P.E.I. I would even suggest the name of Mr. Cassidy of Ottawa, President of the Royal Canadian Mounted Police Veterans Association. Another man I would name is the Attorney General of Newfoundland, Hon. L. R. Curtis, and Elmer L. Steeves of Moncton, New Brunswick —and in passing may I say one of the Steeves was a Father of Confederation.

They are men of the utmost probity and integrity who favour the retention of capital punishment in this country. I believe this information pamphlet will be open to criticism on the grounds that it is biased, unless it is considered by the representatives of the school of thought that I represent before it is sent to the printers.

Two weeks ago today the House of Commons Debates carried a statement as to the 38 states in the world which have abolished capital punishment. The list is accurate enough, but no emphasis is placed on the fact that it contains such tremendously self-governing states as the Dominican Republic, Greenland, the Netherlands Antilles, which are two islands off South America, the great republic of San Marino, Liechtenstein, Luxembourg—

Mr. Deputy Speaker: I regret to interrupt the hon. Member, but his time has expired.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): Mr. Speaker, at the start I would like to re-emphasize that

the proposed debate on the abolition of capital punishment is not one in which the Government intends to take a position which would make the vote one of confidence. On this question it is expected that there will be diverse points of view taken by people in all parties, and therefore the debate will not be along party lines.

But the Government is prepared to assist the debate, as the hon. Member pointed out and as the Minister pointed out last Friday, by presenting an information pamphlet in order to put into the hands of all interested persons, both inside and outside the House, such of the relevant material as will permit an informed consideration of this important question.

Perhaps I should emphasize the word "information" in this regard. It is not intended in this particular document to set out the arguments pro and con. It is felt the various protagonists will be able to do this most effectively. But in setting forth the facts we must remember there is no absolute of objectivity. Inevitably everyone approaches any problem with a certain number of preconceptions. Subject to that limitation the information pamphlet will seek to be, as was said of Thomas Paine, "As impartial as sun and rain", and in its preparation the Government will seek to demonstrate, in the words of Burke, "The cold neutrality of an impartial judge." The hon. Member has made a useful suggestion which I will bring to the attention of the Minister and the officers of the Department.

CANADIAN BROADCASTING CORPORATION—VANCOUVER—POSSIBLE USE OF FORMER R.C.A.F. BASE

Mr. Ron Basford (Vancouver-Burrard): Mr. Speaker, I was told on Orders of the Day this morning that no decision has yet been reached by the Government in its consideration of the latest resolution passed by the City Council of Vancouver with regard to the disposition of the former R.C.A.F. base located at Kitsilano Beach in Vancouver.

In 1942, when this property was acquired by the Department of National Defence as an R.C.A.F. supply depot, there was, as far as I can determine, a clear and unmistakable understanding on the part of the then council that the use of this property by the R.C.A.F. would be for the duration of the war, that any buildings erected on the property would be of a temporary nature, and that after the war the property would be surrendered to the City of Vancouver for park purposes, as has been recommended by every planning report prepared for, or by, the City of Vancouver.

After the defence reorganization by the Minister of National Defence (Mr. Hellyer) last year, this supply depot was closed, and I was hopeful that 30 years of public controversy in Vancouver would come to an end and that this property would be granted to the city for park purposes as is desired, I am firmly convinced, by an overwhelming majority of the citizens of Vancouver.

At that time proposals were put forward to use part of the base for new C.B.C. radio and television headquarters. Due to decisions made by the previous Government, Vancouver is fourth in line after Montreal, Toronto and Winnipeg, for new C.B.C. facilities. Our C.B.C. facilities are a disgrace to Canada's third largest city and are a discredit to a national broadcasting corporation. Over the last year negotiations went on to determine whether there was a compromise arrangement which would be acceptable to most people, by which the C.B.C. could locate on part of the base and the balance be given to the City of Vancouver for park purposes. It has become obvious that permanent location of the C.B.C. at Kitsilano is unacceptable.

City council's latest resolution calls for the city to acquire the whole of the base on a 99-year lease for $1 a year, but will permit the C.B.C. to lease approximately 11 acres of it for 15 years, with a possible right to renegotiate a further extension of ten years. I am inclined to believe that when this resolution was passed unanimously by Council, the aldermen must not have thought out the matter to its logical conclusion.

This resolution, this proposal now being considered by the Government, falls between two stools. It represents a second best settlement; a second best park of 11 acres, rather than 26 acres, and a second best C.B.C. centre, because how can the Corporation be expected or allowed, with any logic or economic sense, to spend the large amounts of money required to build the type of C.B.C. centre worthy of Vancouver, when they only have the property for 15 years?

If City Council is prepared to allow the C.B.C. to locate on part of Kitsilano, surely they should want the C.B.C. to be in a position to make the sort of capital expenditures necessary to make it a first class headquarters. We do not want some gerrybuilt structure down there on the beach for the next 15 years. If

City Council's latest resolution is accepted by the Government, I am sure it will result in a freeze on C.B.C. developments in Vancouver for the next 15 years. Within five or ten years, we will, for example, undoubtedly be going into colour television. How can the C.B.C. be expected to spend large sums of money developing a colour studio on property which they may have for only another five or ten years?

If City Council is not prepared to allow the C.B.C. to locate on the Kitsilano base for a sufficiently long time to warrant a large capital expenditure, I strongly urge them to say so. I ask the Council to reconsider its position. If they are not prepared to make a logical and economically sound proposal with regard to the C.B.C. at Kitsilano they should indicate that they want it for park purposes as an integral part of Vancouver's beautiful waterfront development, as recently urged by the Vancouver parks board. Let not Vancouver make the mistakes of Toronto where millions are now being spent trying to reclaim the waterfront for the benefit of the citizens.

I urge City Council to indicate their position to the Government quickly, because we have been dealing with this for 18 months and time is running out, if any of this potential parkland is to be used this summer. I assure Council that, armed with the sort of resolution I have indicated, I am hopeful we can obtain the desired end.

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): I think we have all come to know that the hon. Member for Vancouver-Burrard (Mr. Basford) holds very strong views on this subject. Tonight I can only tell him that the Board of Directors of the Canadian Broadcasting Corporation is even now considering the merits of the offer contained in the resolution passed unanimously by the City Council of Vancouver.

Motion agreed to and the house adjourned at 10.32 p.m.

HOUSE OF COMMONS

Tuesday, April 13, 1965

The house met at 11 a.m.

HOUSE OF COMMONS

STATUS OF GOVERNMENT ORDER RESPECTING PRAIRIE FARM ASSISTANCE COMMISSION

Mr. Jack McIntosh (Swift Current-Maple Creek): Mr. Speaker, I rise on a point of order. My point of order is that the government order referring to the recommendations contained in the report of the Prairie Farm Assistance Administration Commission of Inquiry is a nullity and must be struck off the order paper.

I say that the only opportunity I have to appeal against the report of the Prairie Farm Assistance Administration Commission of Inquiry is today. Inasmuch as the motion does appear on page 210 of yesterday's *Hansard* as a government order under the heading "Agriculture", I repeat that this is my only opportunity to appeal because under our statutes there is no appeal against the findings of a statutory commission. No case can be found where a court of appeal has adjudicated upon a report or a recommendation of a commission or whether a commission has exceeded its terms of reference.

The commission in question is not—I repeat "not"—a judicial inquiry. Any reference to it as a judicial inquiry is a misuse of the word "judicial" because there is no legal appeal from its findings. I suggest and maintain that this is an executive or crown court without an appeal. It is the modern counterpart of the ill-famed star chamber or cabal. The Commissioner exceeded his jurisdiction in many respects and ignored clause 13 of the Inquiries Act. I shall read that one clause, Mr. Speaker:

• (11:10 a.m.)

No report shall be made against any person until reasonable notice has been given to him of the charge of misconduct alleged against him and he has been allowed full opportunity to be heard in person by counsel.

This was not done in this case. This is only one of the bases for my point of order, Mr. Speaker. The Commissioner did not carry out his terms of reference as laid down by the Inquiries Act in that he carried out his inquiry totally in the Swift Current area and did not follow the terms of reference which related to other parts of the country.

This government order, Mr. Speaker, would refer the recommendations of the report of the Prairie Farm Assistance Administration Commission of Inquiry to the Standing Committee on Agriculture and Colonization for such recommendation as it deems advisable. The Commission, under its constituting order in council and terms of reference, was not authorized or empowered to make recommendations.

The powers and authorities granted to a commission by order in council under the Inquiries Act are of two classes, investigative and advisory. An investigative commission inquires into facts, law, or mixed law and fact, and reports its findings to the Governor in Council. An advisory commission aids and advises the Governor in Council in somewhat the same way as the Privy Council aids and advises Her Majesty's Governor General under section 11 of the British North America Act. An advisory commission must, by its nature, be almost always an investigative commission as well. It first investigates and makes findings, and thereafter advises or recommends on the basis of its inquiry.

This distinction between the function of fact finding and the function of opinion gathering is referred to by J. E. Hodgetts in his article on "The Role of Royal Commission in Canadian Government", published in the proceedings of the third annual conference, 1951, of the Institute of Public Administration of Canada, pages 351 to 367. The distinction between the delegation of the power to make a fact finding investigation and the delegation of the power to give an opinion or make a recommendation is clearly illustrated by the United Kingdom House of Commons procedure on select committees. May's fifteenth edition at page 614 states:

Reports of Select Committees

Power of committees to report their opinion—By Standing Order No. 75, a select committee of the Commons which has been invested with power to send for persons, papers and records, may report its opinion and observations upon the matters referred to its consideration, even thought it is not expressly directed to do so by the order of reference.

Point of Order

The United Kingdom House of Commons Standing Order No. 75 is as follows:

> Every select committee having power to send for persons, papers, and records, shall have leave to report their opinion and observations upon any matters referred to their consideration, together with the minutes of the evidence taken before them, to the House, and also to make a special report of any matters which they may think fit to bring to the notice of the House.

This Standing Order clearly indicates the principle that in the absence of such a general term of reference then, unless there is a specific power to recommend contained in the special terms of reference, there is no power to recommend.

The operative words in an order in council constituting an investigative commission are "inquire into". These are words of limitation. The operative words with respect to an advisory commission are "inquire into and consider" or "inquire into and recommend". In any particular case, the words "and report upon" may or may not be added to the operative words. They are imported in any event. The Inquiries Act does not contain a general power to recommend.

In the present order in council No. 1963-1896, which established the P.F.A.A. Commission of Inquiry, the operative words are "inquire into and report". In the Order in Council which appointed the Commissioner the words are "inquire into". There are no words in either Order in Council to authorize or empower the Commissioner to advise or recommend.

The specific terms of reference confirm the negation of any power to recommend: they delegate the power to investigate and make findings of fact only. They authorize the Commissioner to inquire into and report upon:

> (a) the circumstances leading to the dismissal of—

—etc. etc., and:

> (b) irregularities alleged to have occurred in the processing of claims for benefits under the provisions of the Prairie Farm Assistance Act and the payment of such claims, relative to the crop grown in the year 1962 in the province of Saskatchewan.

So much of the Commissioner's report, tabled as Sessional Paper No. 12A, as purport to be recommendations are in excess of the powers and authorities granted him by the Governor in Council. These recommendations are in breach of Order in Council 1963-1896, tabled in the House of Commons and affixed to the report. They are null and void and of no force and effect.

There is no remedy in the courts against these recommendations so improperly made.

[Mr. McIntosh.]

They cannot be appealed; the Queen's prerogative writ of *certiorari* cannot run against the Commission of Inquiry or the Commissioner. There was no remedy in this House either so long as the report was merely tabled as Sessional Paper 12A. When, however, these recommendations are subsequently made the subject matter of an Order of this House and now appear on the Order Paper as government order No. 78, then this House is seized of them and can and must take cognizance of their impropriety. That order, in effect, brings in as Government business for consideration by this House and a standing committee of this House, matters that are a nullity and void *ab initio*.

This government order should be struck out as disclosing no business for this House to proceed upon; as frivolous, vexatious and scandalous matter, and as an abuse of the privilege of this House.

If Your Honour has any doubt about the validity of my argument I should like to reserve the right to be heard further.

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, I am unable to find any point of order in the argument advanced by the hon. Member. What he has in fact been doing is seeking to debate a resolution under the item "Government Orders." That item has not been called. Whether what he says about the report of the Prairie Farm Assistance Administration Commission of Inquiry is right or wrong is something to be debated when the resolution is before the House, but it is not before the House now and there is no order before the House. Indeed, there was no item before the Chair on which a point of order could be raised.

Therefore I can only ask you, Mr. Speaker, that if the hon. Member is to be permitted to continue his debate, all other hon. Members be permitted to debate the matter as well.

Mr. McIntosh: Mr. Speaker, on the same point of order—

Mr. Speaker: Order. I think I have heard quite a lot.

Mr. McIntosh: I don't think you have, Mr. Speaker.

Mr. Speaker: In any event the hon. Member certainly does not expect me to have grasped all the intricate legal points he has been advancing this morning, so what I will do is get a copy of the transcript and examine the matter and, if humanly possible, try to bring in a just decision this afternoon.

Mr. McIntosh: May I just say a few words in reply?

Mr. Speaker: I don't think it is necessary at this point. The argument made by the hon. Member was very extensive.

Mr. McIntosh: All I wish to state is that what the Minister said is wrong.

Mr. Speaker: Order. There are rules to be followed here.

Mr. McIntosh: Well, Mr. Speaker, I rise on another point of order. I do not want the house to be misled by what the Minister has said. If he will look at yesterday's *Hansard* he will see the House has made it an order.

Mr. Speaker: Order, please. The hon. Member must give the Chair time to consider all the different facets involved in this matter and try to bring in a reasoned decision which I hope will be a right decision, and which I hope will satisfy in the circumstances.

THE BUDGET

TIME FOR CONSIDERATION BEFORE DEBATE CONTINUED

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, may I direct a question to the hon. House Leader. In view of the fact that we now know the budget will be coming down on the evening that the House resumes after the Easter recess, will the Minister assure the House that due time will be given between the delivery of the budget and the resumption of debate on it so that its details can receive consideration by all hon. members of the House?

• (11:20 a.m.)

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, I will look at the precedents in this matter, and I will certainly take the point raised by the hon. member under consideration. I take it that what he really wants is to be sure that he has sufficient opportunity to peruse the budget before being asked to debate it; but as I say, I will take the point under consideration.

INDUSTRY

BENEFITS OF CANADA-U.S. AUTOMOBILE AGREEMENT TO CANADIAN CONSUMERS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, last week I asked the Prime Minister a question regarding the report that

Canadian made cars were being sold in the United States at United States prices, which were considerably below the prices being paid by Canadian consumers. The Prime Minister promised to look into this matter, and I am wondering whether he is now ready to make a report to the House.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the report to which my hon. friend refers, that some Canadian made automobiles are being sold in the United States, is correct. I understand that the Ford Company plan to ship 400 cars per month for a period of three months as a trial measure. We do not have all the details of the price at which the company is shipping these cars to the Ford distribution agency in the United States but hon. members will be aware, of course, that generally speaking it is necessary in exporting to be competitive. Members are also aware, I am sure, that the Government's automotive program enables automobiles to be brought into Canada on a duty free basis by motor vehicle manufacturers who fulfil certain specific production and other requirements called for by the program. This is a conditional arrangement.

Anybody else who wants to buy a foreign made car continues to pay the 17½ per cent duty, apart, of course, from cars imported from the United Kingdom which are admitted duty free. If our sole objective was to wipe out the difference in car prices between United States and Canada this could be done, or almost done, very simply, by removing the tariff completely. Then there would be no price difference except that due to transportation and distribution and certain other minor costs. But it would not be only the price of the car which would be lowered as a result. Canadian production and employment would run the risk of being lowered too, not only in the automobile industry directly but in its supporting industries as well.

The Government's automotive program is an attempt to get higher employment and lower costs, and I am confident that this can be achieved in time. Both the industry and the consumers will benefit from expanded Canadian production and employment on a scale which will raise efficiency and cut costs and therefore gradually make it possible to bring United States and Canadian prices together. Cutting prices at once would merely take away people's jobs. If we are not going to do that and we do not want to perpetuate higher costs and prices, some time must be

allowed in carrying through the program that has been started.

Mr. Douglas: A supplementary question, Mr. Speaker. In view of the fact that the Chrysler Corporation has already announced that it will sell 80,000 of its Valiants in the United States market at competitive prices this year, I should like to ask the Prime Minister whether the Government is making any investigation to see whether this means either that the United States is being charged less than the cost of production of the cars, or that the Canadian public is being charged a great deal more than the cost of production? I would like to ask the Prime Minister—

Mr. Pearson: Yes, Mr. Speaker, we are examining that aspect of the problem carefully.

Mr. A. D. Hales (Wellington South): A supplementary question, Mr. Speaker. Would the Prime Minister advise the House whether the United States Government is collecting duty on Canadian cars entering the United States?

Mr. Pearson: I will have to look into that matter, Mr. Speaker.

Mr. Reid Scott (Danforth): Mr. Speaker, I want to ask the Prime Minister a supplementary question. In view of the extremely important economic implications of this plan because of Government statements that it may be extended to other industries, and in view of the many unforeseen difficulties and complications which appear to be arising, would the Prime Minister consider referring this agreement to a special Select Committee of the House so that witnesses from the unions and companies and economists can appear and a full examination of the agreement can be made, so the Committee can understand its implications and in particular ascertain whether or not Canadians are being overcharged for their automobiles?

Mr. Pearson: Mr. Speaker, in the first place I do not think I have ever stated that this plan may be extended to other industries. I have said that the automobile industry has certain special factors which made it possible to work out an agreement of this kind which I believe will increase production and employment, which is its main purpose and for which purpose it has been praised by unions, among others.

I have said that in the light of what happens in this particular arrangement, then naturally the Government will be glad to look into the whole application of an agreement of this kind to other industries. That will be done in the light of the experience we have with this one. Whether it will be practical to do that I do not know. This agreement will be dealt with by the House of Commons; the House will be given an opportunity to express its views in regard to it.

[Mr. Pearson.]

EXPO '67

REPORTED CALLING OF TENDERS FOR C.B.C. BUILDING

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is to the Secretary of State. On Friday last the Minister stated, in reply to a question I raised regarding the commitment of the C.B.C. to spend some $10 million for a building at Expo '67 for which no approval had been given by Parliament, that the Government did not intend to go on with this project without the approval of Parliament.

In view of reports in the press, as carried in the *Globe and Mail* of April 9, that a tender has already been let for $3.9 million for the initial construction of the project, would the Minister confirm that the Government is now going to allow this project to go ahead without Parliament giving approval for this rather large sum of money, $10 million?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, in replying to this question and to comments made in the House on Friday last with respect to the construction of a broadcasting centre for Expo '67, I believe it would be helpful for Members to have a brief outline of the project.

Some 200 broadcasting teams from many countries around the world are expected to cover the 1967 World Exhibition being held in Canada. They will require radio and television facilities to tell the story of Canada and Expo to the world. As the host country it is Canada's responsibility to provide the basic broadcasting facilities. As the national broadcasting agency, the C.B.C. was asked to co-ordinate this project.

The Corporation's studies indicated that Canadian and international broadcasters combined would require a centre containing not less than six radio studios and two television studios, together with the associated equipment. Estimates were made of costs and the time required for building the structure and installing the equipment. Total capital costs are estimated at $9.9 million, with the initial requirement in the present fiscal year of $2.9

million. Treasury Board has approved the expenditure for this year, which is now subject to the approval of Parliament through consideration of the estimates, and this amount of $2.9 million has been included in the main estimates. Where annual financing is concerned, the House will note that this is the only procedure which can be followed in approving projects for corporations such as the C.B.C. The necessary additional amount will be included in the Corporation's estimates for the 1966 and 1967 fiscal years.

Mr. R. W. Prittie (Burnaby-Richmond): A supplementary question, Mr. Speaker. May I ask the Secretary of State whether these studios are in addition to the planned facilities of the C.B.C. at Montreal, and what use will be made of the studios after the Exhibition is finished?

Mr. Lamontagne: They are in addition, Mr. Speaker, and it is expected that these studios will be used for some years after Expo.

Mr. Thompson: Mr. Speaker, the specific question has not been answered. Has the C.B.C. committed itself for $3.9 million under this original tender that has been let without the approval of Parliament?

Mr. Lamontagne: I understand that the usual procedure has been followed in this case, Mr. Speaker.

Some hon. Members: Oh, oh.

• (11:30 a.m.)

Mr. Thompson: I have another supplementary question, Mr. Speaker. If my memory is correct I believe that a certain brigadier who was in command of Canadian troops in Japan about ten years ago was fired from his position because he spent certain money without the necessary approval of Government. Does the Minister contemplate the dismissal of the President of the C.B.C. for a similar offence?

Mr. Lamontagne: Mr. Speaker, this project has been approved by Treasury Board and the amounts to be spent this year have been included in the main estimates.

Mr. Robert Simpson (Churchill): Mr. Speaker, I have a question supplementary to those asked the Secretary of State concerning the C.B.C. expenditures. The Secretary of State said that the Canadian Broadcasting Corporation was asked to take part in this program. By whom was the C.B.C. asked to take part?

Mr. Lamontagne: The C.B.C. was asked to take part by Expo '67.

Mr. Simpson: Were there no representations made by the Cabinet or the Government in this regard?

Mr. Lamontagne: Mr. Speaker, as I said before, the project was approved by Cabinet and by the Treasury Board.

Mr. Simpson: I should like to ask one more supplementary question. How can the Secretary of State reconcile his answers to my questions regarding the extension of service, in view of the fact that he said the Cabinet would not be considering any C.B.C. expenditures until the Fowler Commission had reported? That is what I understood the Minister to intimate.

Mr. Lamontagne: I certainly did give that undertaking, Mr. Speaker, but in respect of this case we must not forget that this Canadian National Exposition is to take place in 1967.

Mr. Simpson: Mr. Speaker, I should like to ask the Secretary of State whether he thinks we should forget the tens of thousands of people in Canada who are not now served by the C.B.C.

Mr. Lamontagne: I certainly do not agree with that, and I can assure the hon. gentleman that we will announce a program in due course following receipt of the Fowler Commission Report.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to put a supplementary question to the Secretary of State. Can he tell us whether this television centre will come under the jurisdiction of Expo '67 or under the direct control of the C.B.C.?

Mr. Lamontagne: Mr. Speaker, I think the C.B.C. and Expo '67 will co-operate very closely.

Mr. Grégoire: Could the Secretary of State tell us who will be in charge, rather than co-operate, with regard to this television centre?

Mr. Lamontagne: Mr. Speaker, I shall take this question as notice.

[*Later:*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I wish to direct a question to the Prime Minister.

Inquiries of the Ministry

In view of the articles written by Mr. Raymond Grenier, in the newspaper *La Presse*, about the tragic fate reserved for several French Canadians by the 1967 World Exhibition Corporation, does the Prime Minister intend to inquire into that very serious problem?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I should like to examine the article in question before deciding what action, if any, is required by the Government, and I shall be glad to do so.

EXTERNAL AFFAIRS

RIGHT OF QUEBEC TO SIGN INTERNATIONAL AGREEMENT RESPECTING EDUCATION

On the orders of the day:

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

Does he intend to formally recognize Quebec's right to sign international agreements in the field of education, as advocated by the Quebec minister of education? Does he plan to facilitate the Quebec minister of education's task in this area?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I do not know whether the Quebec minister of education made a statement recently.

I answered that question, in principle, some ten days ago, but I am not aware of the statements the minister of education may have made recently.

However, I shall examine the question and answer it without fail.

Mr. Grégoire: Mr. Speaker, I should like to put a supplementary question to the Secretary of State for External Affairs. The minister mentioned in his statement yesterday that Quebec had the right to enter into international agreements in the field of education.

Does the Secretary of State for External Affairs intend to acknowledge officially this right to the province of Quebec?

I do not believe this is the question put to him ten days ago.

Mr. Martin (Essex East): I have just received *Le Devoir* of this morning, and I had not seen this article before. I shall have to consider the matter before being in a position to state my opinion.

[Mr. Marcoux.]

[*Text*]

CHILE—OFFER OF ASSISTANCE FOLLOWING EARTHQUAKE

On the orders of the day:

[*Translation*]

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs concerning Canadian assistance to Chile. I am particularly interested in that matter since the diocese of St. John, in my riding, is twinned with that of Valparaiso, which was the district most affected by the recent earthquakes. Here is my question. Will Canada do its share to help Chile, part of whose territory was devastated by earthquakes recently?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, last Friday April 9, the Canadian government decided to hand over $20,000 to the Canadian Red Cross to meet immediate needs in Chile. At the same time the Canadian Red Cross decided to provide $5,000 of its own funds for the same purpose.

[*Text*]

CANADIAN CONFEDERATION

REPORTED SPEECH BY CANADIAN AMBASSADOR TO FRANCE

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I wish to direct a question to the Secretary of State for External Affairs. Has the Minister's attention been drawn to a report on a speech made by the Canadian Ambassador to France, Mr. Jules Léger, in Paris on Friday last to the American Club in which the Ambassador is reported to have said that winds of change are blowing in Canada and that we are moving toward a loose federation? If that is so, does that statement represent the views of the Government in this regard, that Canada is moving toward a loose federation?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I think the House will generally agree with me that in her Ambassador in Paris Canada has one of her most responsible heads of mission.

Mr. Grafftey: For heaven's sake.

Some hon. Members: Order.

Mr. Martin (Essex East): I take it that everyone is in agreement with what I have said. I have seen the report and I have also

examined the actual text. The Ambassador was incorrectly reported. He referred to looser affiliations in certain sectors, but the generality of the language employed in the speech as reported is not supported by the text itself.

Mr. Lambert: I have a supplementary question. Will the Minister procure a transcript or copy of the speech and table it for the enlightenment of the Members of this House, particularly in view of the recognized senior position of the Ambassador in Paris?

Mr. Martin (Essex East): Mr. Speaker, I have already obtained the actual text and I will be glad to see that my hon. friend gets a copy of it today. I will also see that a copy is made available for the edification and instruction of the House in general.

Mr. Eldon M. Woolliams (Bow River): I have a supplementary question, Mr. Speaker. If I understood the Minister correctly he indicated that the Ambassador had said there was a looseness in certain sectors. Does the Minister assume that the Ambassador acted in a responsible way in making that kind of statement?

Mr. Martin (Essex East): I am sure my hon. friend will agree that that is a correct statement.

Mr. Woolliams: My question to the Minister, Mr. Speaker, is, does he assume that the Ambassador made a responsible statement?

Mr. Speaker: Order, please. The hon. member is entering into an argument.

HOUSE OF COMMONS

PRESENCE IN GALLERY OF PROFESSOR SIBLEY

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. Is the Minister aware of the presence in the gallery of Professor Mulford Sibley, and will the Minister join with us all in extending to Professor Sibley a formal welcome to the Parliament of Canada?

Some hon. Members: Order.

Mr. Speaker: Order, please. I am sure that we are all happy to have all visitors come and observe the results of the good undertakings which are carried on from time to time in this Chamber.

Inquiries of the Ministry

PUBLIC SERVICE

REPRESENTATIONS RESPECTING SALARIES OF PENITENTIARY SERVICE

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the President of the Privy Council. Is the Minister in a position to report on the meeting he held yesterday with members of the Canadian Penitentiary Service regarding reclassifications and pay increases?

• (11:40 a.m.)

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, I do not know that I can give much of a report on orders of the day. The Civil Service Association of Canada, along with representatives of the penitentiaries service, had a meeting with my colleague the Minister of National Revenue and myself at which the Association made representations concerning the pay conditions of employees of the penitentiaries service. It was quite an extensive meeting and the Association is putting its representations in writing. It has undertaken to do so within two weeks, and we have undertaken to reconsider the matter of pay increases very shortly thereafter.

AGRICULTURE

CHEESE—REQUEST FOR CONTINUATION OF SUBSIDY

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a question for the Minister of Agriculture. Since announcing his 1965 dairy policy is the minister aware it is projected that there will actually be a decrease of 30 cents a hundredweight in the price of cheese milk?

Hon. Harry W. Hays (Minister of Agriculture): No, Mr. Speaker, I am not familiar with this.

Mr. Winkler: Will the minister then assure the House that, as outlined in his dairy policy, the subsidy of 3.6 cents a pound will be paid on the production of cheese?

Mr. Hays: Mr. Speaker, I am afraid the hon. member has not studied closely the policy I announced in the House, because cheese will not be supported this year at 3.6 cents as it was last year. It will be supported on a basis whereby we will make up the difference between the factory price of between $3.10 to $3.15 and $3.30 by way of a deficiency

payment and a lump sum to bring it from $3.30 to $3.50, depending on the amount that each producer produced in the 1964 period.

Mr. R. A. Webb (Hastings-Frontenac): A supplementary question, Mr. Speaker. Would the minister not reconsider his new dairy policy, because it will increase the price of cheese if the farmer is going to get the same returns as he did a year ago.

Mr. Hays: No, Mr. Speaker. I do not believe this is correct, and we are not going to reconsider the matter.

QUEBEC—ASSISTANCE TO FARMERS

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, may I ask the Minister of Agriculture a question?

Can the minister inform us if he has taken into serious consideration the request for help made on behalf of the farmers of the Saguenay region in northwest Quebec whose crop was very poor last year?

[*Text*]

Hon. Harry W. Hays (Minister of Agriculture): This is still under consideration.

TRANSPORT

CONTINUATION OF VESSEL SERVICE BETWEEN YARMOUTH, N.S. AND SAINT JOHN, N.B.

On the orders of the day:

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a question for the Minister of Transport, who has been left alone so far this morning. What steps has the Government taken to ensure the continuance of a vessel run between Yarmouth, Nova Scotia, and Saint John, New Brunswick, by the motor vessel *Mohawk II,* which service is due to terminate next week, I am advised, unless some action is taken?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the situation with respect to this vessel is being reviewed, but the review does indicate that the amount of traffic now using this vessel is so small and the subsidy per ton so high that there is some question whether the taxpayers should be asked to subsidize at that rate for that amount of traffic. However, a final decision has not yet been taken.

LABOUR CONDITIONS

LOUISBURG, N.S.—LAY-OFF OF WORKERS AT HISTORIC SITE

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Prime Minister. Has the Prime Minister designated the battleground for his war on poverty, and is he now prepared to answer the question put to him yesterday by the hon. member for Cape Breton North and Victoria?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I believe the question was out of order then, and it would be out of order today.

Mr. Muir (Cape Breton North and Victoria): On a point or order, Mr. Speaker—

Mr. MacInnis: Mr. Speaker, are we establishing a precedent that the Prime Minister can get up and rule a question on the Cape Breton unemployed out of order? Is the Chair going to permit this?

Mr. Speaker: The Minister of Citizenship and Immigration.

Mr. MacInnis: What about my point of order, Mr. Speaker?

Mr. Speaker: I will tell the hon. member that these questions, of course, come to me first hand and I will have to review the record to see whether there is any substance in the allegation of the hon. member.

Mr. MacInnis: Further on the point of order, Mr. Speaker, it is very evident that there is substance to my point when any member of the House takes it upon himself to rise and rule a question out of order, since this is the job of the Chair. I have continued to ask questions in the House on behalf of the unemployed of Cape Breton and if this Government—

Some hon. Members: Louder.

Mr. Speaker: Order, please. The hon. member raised a point of order and he is now out of order because he is attempting to bring something new into this argument, if I may put it that way. I suggest that he allow the Chair to review the remarks made and try to come to a right conclusion.

Mr. MacInnis: I give notice to debate this matter at ten o'clock.

Mr. Speaker: I am afraid there is nothing before the House to debate at ten o'clock.

[*Later:*]

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): I wonder if I might be permitted to answer a question asked yesterday by the hon. Member for Cape Breton North and Victoria of the Prime Minister concerning the Louisburg fortress. I am informed that the Department of Northern Affairs and National Resources will proceed with the reconstruction of Chateau St. Louis by contract this year. This major undertaking will use a large portion of the funds allotted to the Louisburg project in the current year's estimates, and the smaller projects now going on will be phased into the program at a later date.

Part of the lay-off arose from the completion of the winter works program, and the balance from deferment of smaller programs until the reconstruction of Chateau St. Louis is completed. When the contract is awarded for Chateau St. Louis it is anticipated that a far larger work force will be required by the contractor.

Mr. Robert Muir (Cape Breton North and Victoria): I wish to thank the Parliamentary Secretary for his reply to the question that was asked and the one which was ruled out of order this morning. I have a supplementary question which is the result of a further telegram received from the same people who sent the telegram yesterday, the executive of the Fortress of Louisburg Employees Association. This telegram contains a number of accusations and allegations. I want to be kind to the Prime Minister and think that he does not realize what is happening down there. I shall not incur your wrath, sir, by reading the whole telegram. However, for the enlightenment of the Prime Minister I shall point out that it says—

Mr. Speaker: Order, please. If the hon. Member says he is not going to read the telegram I do not know why he proceeds to read it. Would he kindly ask his question so that we can get to the point, as it were?

Mr. Muir (Cape Breton North and Victoria): Yes, Mr. Speaker, I should be glad to do so. Apparently the superintendent of construction says that no man on the project can be trusted. These people say that they hope this den of iniquity will be straightened out. May I ask the Prime Minister, in all fairness, if he would arrange to have someone investigate this apparently rather serious situation because of the allegations and accusations? Could he dispatch someone immediately to investigate that complaint; and I do hope he does not rule this question out of order.

Mr. Pearson: The matter referred to by my hon. friend is being looked into. He has tried to put again a question which was ruled out of order. May I, Mr. Speaker, remind him that if he asks a factual question in a reasonable way, naturally it is my duty to answer. He said yesterday, and I call attention to this:

Since the Prime Minister has at this late date personally become interested in poverty—

That is an objectionable preamble, and that part of the question certainly is out of order.

Mr. Muir (Cape Breton North and Victoria): On the point of order, Mr. Speaker, is the Prime Minister suggesting this is out of order, no matter how true it is?

Mr. MacInnis: I rise on a question of privilege.

Mr. Speaker: If it is on the same point, I do ask the hon. Member to consider seriously whether it is helping the Chair or helping us with the progress of business before the House to raise these points, which may be important to him but which do seem to the Chair semi-serious.

Mr. Muir (Cape Breton North and Victoria): On the point of order, Mr. Speaker, I should think that a question relating to the restriction of cigarette advertising in Canada would not be as important as having people thrown out on the street and this Government doing nothing about it.

Mr. Speaker: The hon. Member is making allegations and statements. This is a question period, as he well knows.

Mr. MacInnis: Mr. Speaker, I put a question to the Prime Minister this morning, and in answer he said it was out of order yesterday and it is out of order today.

Mr. Muir (Cape Breton North and Victoria): Which is absolutely incorrect.

Mr. MacInnis: In order to base my question of privilege I should like to read the question that was put yesterday and the Prime Minister's answer.

An hon. Member: Dispense.

Mr. MacInnis: I quote:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for the Prime Minister as the result of a telegram I received a few minutes ago. It says:

"Fifty eight employees to be laid off at Louisburg project April 20. Are these men to be the first prisoners in the war on poverty or are there plans to place them in other jobs?

Executive The Fortress of Louisburg Employees Association."

Since the Prime Minister has at this late date personally become interested in poverty, would he be so kind as to investigate the contents of this telegram and report to the House?

The Prime Minister's answer was:

Mr. Speaker, I did not understand the preamble to this question, but the rest I shall be glad to look into.

This morning in the question I put to the Prime Minister I asked him if he would designate the battleground for his war on poverty, and further asked if he was prepared to answer the question of the hon. Member for Cape Breton North and Victoria. Again, Sir, the Prime Minister answered that question by saying "It was out of order yesterday; it is out of order today."

There is no indication in the records of yesterday's *Hansard* that this question was in any way ruled out of order either by yourself or, as the custom seems to be developing, by the Prime Minister, as he did today, misleading—

Mr. Speaker: Order, please. I do think the Chair has heard enough of this most interesting point, and it does seem to me a most colossal waste of time. I must say I had already told the hon. Member I would investigate the matter and try and bring in a reasonable decision. It does seem to me a waste of time at this particular moment to continue argument on something that may interest the hon. Member but which I do not think deserves any more discussion at the moment.

Mr. MacInnis: I am sorry, but I will have to continue to make my point on a question of privilege, and if you will allow me to reach my point of privilege I will co-operate to the fullest. When I indicated that I was not satisfied with the Prime Minister's answer and wished to debate the matter at ten o'clock you, Sir, said there was nothing before the House. In other words the opportunity for me to debate this further at ten o'clock seemed to be denied.

Mr. Speaker: The hon. Member, of course, is indulging in argument with the Chair, which breaks every standing order we have and a long line of precedents which, if the hon. Member does not know, I will tell him so. I have told the hon. Member I would investigate the matter and if in my opinion I thought he had a question of privilege I would say so. Now, this is not the time to argue that statement, and until such time as the Chair has made up its mind on whether or not there is something before the House, the hon. Member obviously has nothing to argue at ten o'clock. I hope to come in this afternoon and clear up the matter.

Mr. MacInnis: Mr. Speaker—

An hon. Member: Wait until you are recognized.

Mr. Speaker: Is the hon. Member rising on a question of privilege; because we had dealt with that matter? Is this a new matter of privilege?

Mr. MacInnis: Sir, if you will return to your seat I will answer your question.

Some hon. Members: Oh, oh.

Mr. MacInnis: It is the same question—

Mr. Pearson: Mr. Speaker, I would like to call your attention to the remark made by the hon. Member, that if you resume your seat he will bring up his question of privilege.

Mr. MacInnis: Mr. Speaker—

Mr. Speaker: I am sorry. Courtesy, of course, demands that the Chair recognize the Prime Minister, but due to the noise in the Chamber I could not hear what the right hon. Prime Minister said.

Mr. MacInnis: Mr. Speaker, on the question of privilege, how could I answer a question by you, sir, if—

Mr. Speaker: Order. I do not propose to get into an argument with the hon. Member. If he does not know it, I will tell him. The right hon. Prime Minister.

Mr. MacInnis: On the question of privilege, Sir, another question of privilege—

Mr. Regan: You were not recognized.

Mr. MacInnis: I wish that childish member for Halifax would keep quiet for a while. My simple question of privilege is this. Am I not entitled to the opportunity to debate a question at ten o'clock when I am not satisfied with the answer, as is the custom developing under the new rules of the House; and I have not been satisfied with the answer?

Mr. Speaker: The answer to the question raised by the hon. Member will be given this afternoon by the Speaker, and I have already

said so on the three separate occasions. I have to determine whether or not there is a question which can be debated. I am not satisfied that there is a question at this moment, and I need to refer to the record to find out.

[*Later:*]

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I have a question for the Prime Minister. May I ask the right hon. gentleman whether it is his intention to comply with the request of the Louisburg Employees Association to have an investigation on the spot carried out with reference to the many problems that apparently exist at this location?

Mr. Pearson: Mr. Speaker, the Minister of Labour is already looking into this matter.

Mr. Muir (Cape Breton North and Victoria): A supplementary question. Could the Prime Minister say when we may have a report on this?

Mr. Pearson: Mr. Speaker, I am sure the Minister will wish to do everything he can as quickly as he can to make certain that the maximum amount of employment is created on the island.

IMMIGRATION

TORONTO—PROSECUTION OF CHINESE LANDED IMMIGRANT

On the orders of the day:

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, on Friday last the hon. member for Spadina asked a question arising out of articles that appeared in the Toronto newspapers about a Chinese named Ngar Mye Lau, also known as Jack Mar, and I promised a full statement early this week. These are the facts. Early last September the Royal Canadian Mounted Police received information and had occasion to investigate the circumstances under which this man, known as Jack Mar, obtained a Canadian passport. He had been in Canada for some nine years prior to that date. As a result of these investigations the facts were laid before the Assistant Crown Attorney for the county of York on September 9, 1964, and he authorized the prosecution of the man in question under section 58 (1) of the Criminal Code for obtaining a passport by giving false information and he instructed that the man be charged on that same day. An information was laid on September 9 and a summons was served on that day.

On the following day, September 10, Jack Mar visited the immigration office in Toronto to say that he wished to make an adjustment statement. He did not say that he had been charged with an offence, and he did not ask for assistance of any kind. The immigration officials assumed he was but one of the many Chinese who were visiting the office to indicate a desire to make adjustment statements. Consequently his name was put on the lengthy list and no priority was given to it.

On September 11, he appeared in court pursuant to the charge and the case was finally heard on October 15. He was convicted of making a false statement resulting in his obtaining a passport, and he was fined $1,000 or four months in jail. An appeal was taken to the Court of Appeal. In the meantime he had paid the fine.

I should like to make it clear to interested members and the public generally that at no time, so far as I can discover, did Jack Mar or his counsel seek any assistance or advice from immigration officials in pleading his case before the courts on the grounds of the so-called Chinese amnesty program. In any event, after his conviction the Parliamentary Secretary to my colleague the Minister of Justice, on December 16 last, in reply to question No. 2,161 which had been placed on the order paper, stated that Ngar Mye Lau "did not qualify for the amnesty because it applied only to illegalities related to illegal entry and did not apply to subsequent illegalities not related thereto".

When this man applied for the passport he had been in Canada for nine years and had had a period of approximately three years in which to adjust his status and to become a resident in good standing. There is no record that he ever attempted to do this. He did not finally express a desire to adjust his status until he had been summoned to appear in the courts. Neither the original amnesty for Chinese who entered Canada illegally prior to July 1, 1960, nor the several extensions thereof granted by successive ministers were ever intended to give immunity to persons who have persisted in breaking the law after they have entered Canada.

May I say, however, that in spite of the conviction arrangements are being made for Jack Mar to adjust his status in Canada because he did come forward at a time while the assurance, that he could do so without facing deportation, still stands.

Inquiries of the Ministry

• (11:50 a.m.)

DOMINION OBSERVATORY

ABILITY TO RECEIVE RADIO EMISSIONS FROM OUTER SPACE

On the orders of the day:

Hon. J. A. MacLean (Queens): I should like to direct a question to the Minister of Mines and Technical Surveys and ask him if the Dominion Observatory has the capability to listen to and evaluate radio emissions from outer space, which a Russian astronomer claims are transmitted by intelligent beings?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): I too read the morning newspaper, and perhaps I should be cautious in this field. I want to assure my hon. friend that up to now the Observatory has not indicated to me it has such capabilities.

Mr. MacLean (Queens): May I ask a supplementary question. Will the Minister consider providing the Dominion Observatory with such a capability, especially in the light of the fact that the Government apparently does not listen to intelligent beings elsewhere?

UNITED NATIONS

REQUEST FOR STATEMENT ON DISCUSSIONS WITH SECRETARY GENERAL

On the orders of the day:

Mr. R. N. Thompson (Red Deer): I have a question for the Secretary of State for External Affairs. As reported in the newspapers this morning, he stated yesterday in Montreal that either today or tomorrow he would be conferring with the Secretary General of the United Nations with regard to the Viet Nam situation. In view of the fact that we will not be gathering together again in this House for some days, would the Minister care to make a statement concerning the Government's intention in relation to this discussion?

Hon. Paul Martin (Secretary of State for External Affairs): I hope between now and the end of next week to have an opportunity of discussing some matters having to do with problems facing the United Nations and Canada's interest therein, as well as some other questions.

NATIONAL DEFENCE

DAMAGE CAUSED BY PLANES BREAKING SOUND BARRIER

On the orders of the day:

Hon. Paul Hellyer (Minister of National Defence): Yesterday the hon. Member for Digby-Annapolis-Kings asked if any complaints had been received from western Nova Scotia with respect to United States aircraft breaking the sound barrier, in view of the fact that we are approaching the mink whelping season. I notice that in the *Hansard* report the hon. Member is quoted as having said that the female mink would prefer to eat their young rather than have them die of an atomic bomb. I think the hon. Member has been misquoted. I told the hon. Member that I would look into the matter.

I am now in a position to say that three complaints were received since April 5, 1965 from the Nova Scotia and Grand Manan Island, New Brunswick, areas. In addition, yesterday I received a communication from the hon. member for Shelburne-Yarmouth-Clare including a petition signed by a number of mink ranchers of the Digby and Clare municipalities in Nova Scotia on the same subject.

The incidents referred to apparently occurred during a recent United States air force exercise which involved several supersonic flights. The area of the exercise extended from the centre of the Bay of Fundy to a location in northern Maine, and the only Canadian territory which was overflown was Grand Manan Island. The routes did not pass over Nova Scotia. That exercise has now ended.

Both the R.C.A.F. and the U.S.A.F. are well aware of the approaching mink breeding season, and I can assure the hon. member that every precaution will be taken to minimize any danger to this important industry.

In a supplementary question, Mr. Speaker, the hon. member for Lapointe asked if I had received any complaints from the Saguenay-Lake St. John area regarding R.C.A.F. Voodoo aircraft stationed at Bagotville breaking the sound barrier. I can inform him that one complaint was received on April 8, 1965 from the village of St. Prime on the west shore of Lake St. John approximately 65 miles west of Bagotville. It is not known when the sonic boom occurred, but an investigation is now under way.

MID-CANADA RADAR LINE—CESSATION OF OPERATIONS

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Can the Minister say whether plans are under way to phase out some or all of the eastern section of the mid-Canada radar line?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, the balance of the mid-Canada radar line ceased operations on March 31.

POINT EDWARD NAVAL BASE—CONTINUATION OF RESPONSIBILITY OF DEPARTMENT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): Mr. Speaker, since this is probably the last day of this part of the session may I direct a question to the Associate Minister of National Defence and ask whether he is yet in a position to advise how many employees are going to be retained at the Point Edward naval base, or continued, as they are anxious to have this information.

Hon. Léo Cadieux (Associate Minister of National Defence): Mr. Speaker, I expect to be able to make a statement on that particular question in two or three days. From the information I have the prospects are for more employment at Point Edward naval base rather than less.

Mr. Muir (Cape Breton North and Victoria): A supplementary question. Does the Minister suggest that the naval base is going to expand, in view of this extra employment which is going to take place?

Mr. Cadieux (Terrebonne): I am not suggesting that, Mr. Speaker, but I know the hon. Member is aware that the Canadian motor industry is planning to take over some of the buildings which will be made available by the armed forces.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR REMOVAL OF CIGARETTE ADVERTISING FROM PROGRAMS

On the orders of the day:

Mr. Barry Mather (New Westminster): I have a question I want to ask the Secretary of State. Two weeks ago the Minister undertook to check with the C.B.C. to ascertain whether it considered its promotion of cigarette consumption through television advertising was proper in view of the activity of the department of health in attempting to reduce sales of cigarettes. I wonder if he has any report from the C.B.C. at this time.

Hon. Maurice Lamontagne (Secretary of State): No, I have not received anything as yet.

• (12 noon)

SHIPPING

REQUEST FOR INQUIRY INTO COMPETENCE OF CANADIAN SHIP CREWS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, I wish to direct a question to the Minister of Transport and ask him whether he has received a telegram from Leonard J. McLaughlin, president of the Seafarers' International Union of Canada, in which he points out that although the navigation season is only a few days old there have already been some five accidents involving one total loss and as I understand it, asking the Minister to have an investigation conducted to determine whether ships travelling the waterways of Canada, the harbours and the approaches thereto, are adequately and competently manned. I know the Minister indicated yesterday that there was to be an inquiry into one particular accident on the St. Lawrence. I am asking whether this inquiry is going to be broadened to cover the question of whether adequate, competent crews are required by the Government, under the Canada Shipping Act, on all Canadian ships travelling on Canadian waterways?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I did receive this telegram last night, and I had such inquiries made as I could have made immediately in my Department. Because this is really quite an important subject I think perhaps I might be permitted to give a slightly more extended reply than is usual.

I may say in the first place that we intend to ask Mr. McLaughlin to give any substantiating evidence he is able to give for the generalization he has made, and that in fact the Department does carry out an investigation into every accident of this character; I refer particularly to the one in Lake St. Peter the other day.

It is true that this is the worst year for a number of years so far as ice conditions are concerned in the St. Lawrence, in the lakes and in the canals, and it is perhaps possible that on that account, because of the greater hazards, there may have been a somewhat higher accident rate than has been usual. But we are making a very careful investigation to see whether there is anything special about it, whether it is due to the ice hazards or whether there is any foundation for the allegation made by Mr. McLaughlin. I could not, of course, hope to give an answer to

them without the investigation being completed.

Mr. Douglas: As a supplementary question, I notice that in the same wire Mr. McLaughlin suggests that the provisions under the Canada Shipping Act are of such a general nature as to be virtually unenforceable. Would the Minister undertake to look into this aspect of the matter and see whether some amendments to the Canada Shipping Act would be necessary in that regard?

Mr. Pickersgill: Mr. Speaker, I would be very glad if Mr. McLaughlin or anyone else is able to furnish particulars in this regard, and I would be happy to look into them. We did, of course, have a very extensive revision of the Canada Shipping Act at the last session of Parliament, and we tried to put into that revision all the provisions that up to that time, it seemed to the Department, and to anyone who made representations to us, to be desirable. However, that does not mean it is perfect, and if there is any improvement that can be made, and if the House will give time for it, we will do our best.

Mr. R. Gordon L. Fairweather (Royal): Would the Minister not agree there would be less trouble if traders used the ice free ports of Saint John and Halifax?

Mr. Pickersgill: Well, of course, that is a point of view, and the opposite point of view was expressed by the hon. Member for Hamilton West yesterday in a very eloquent speech. This controversy is apt to go on for quite a few more years.

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. William Dean Howe (Hamilton South): Mr. Speaker, I would like to address a question to the right hon. Prime Minister. In view of the $64 million surplus in the Old Age Security Fund will the Government consider an immediate increase in the Old Age Pension, or are they saving this for an election gimmick?

NORTHERN AFFAIRS

EXTENSION OF FRANCHISE IN NORTHWEST TERRITORIES

On the orders of the day:

Mr. Gene Rhéaume (Northwest Territories): Mr. Speaker, I want to ask the Prime Minister if the proposed amendment to the Northwest Territories Act, announced in the Speech from the Throne, will have the effect of granting the franchise to all the residents of the eastern and central Arctic in the forthcoming territorial elections.

Right Hon. L. B. Pearson (Prime Minister): Of course, Mr. Speaker, it would be quite improper for me to indicate on orders of the day what is to be included in amendments to legislation.

Mr. Rhéaume: As a supplementary question, would the Prime Minister assure the House that this oversight is one that is close to his heart and will be attended to in the present session?

Mr. Pearson: I can assure the House that the point of view mentioned by my hon. friend is very much in our minds.

• (12:10 p.m.)

FORESTRY

REPORTED RESIGNATIONS FOLLOWING TRANSFER OF LABORATORIES

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Prime Minister a question. It relates to the Department of Forestry and the decision which was approved by the Minister of Forestry to transfer scientific forestry staff from Maple to Sault Ste. Marie.

The urgency of my question is this. From the information I have, large scale resignations, considering the number of personnel involved, are taking place, with people going to alternative employment in the United States and to universities. I wonder whether the Prime Minister could look into this matter and see whether the consequences are as serious as have been suggested. If he wanted some advice on the matter I think the Prime Minister could get some information from the hon. member for York North.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am already looking into the matter, and I am receiving a great deal of advice with regard to this, including representations from the hon. member who has been mentioned.

CANADA ASSISTANCE PLAN

REQUEST FOR STATEMENT ON CONFERENCE WITH PROVINCES

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, in the absence of the Minister of National Health and Welfare may

I direct a question to the Prime Minister. Would it be possible some time today, before the house rises for the Easter recess, for a statement to be made by the Government on the conference which was held last week between the Federal Government and the Provinces with respect to the Canada assistance plan? The Prime Minister will recall that he indicated to the House that that was one of the purposes of the conference held last week. Does he not agree that it would be useful to have a statement on the conference made to members before we go home for Easter?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will look into that right away.

HOUSE OF COMMONS

CONSIDERATION OF COMMITTEE REPORT ON REPRODUCTION OF "HANSARD" INDEX

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, on Thursday last I asked the President of the Privy Council whether it was the intention of the Government to take the initiative and bring forward a motion to debate the report of the privileges and elections committee which was brought down in the immediately preceding session. The Minister said the matter had not received consideration but that he would be very glad to take the question as notice. I merely want to pose this question again and see whether the Government has given that matter any consideration and has reached a conclusion.

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, unfortunately, I have nothing further to add to the answer I gave the other day. I hope soon to have the answer, but now it will not be until after the Easter recess.

Mr. Howard: A supplementary question. I wonder whether in his leisure moments during the Easter recess the Minister might not be able to conclude this matter.

Mr. McIlraith: Mr. Speaker, I hope to use some of these leisure moments for other purposes, but I will see that the question does receive consideration.

DIVORCE

REQUEST FOR ROYAL COMMISSION ON REFORM

On the orders of the day:

Mr. Reid Scott (Danforth): Mr. Speaker, I have a question for the Prime Minister which I would have held until another day, but this being the last day before the recess I wonder whether he could give me an answer. In view of the action of the Manitoba legislature in overwhelmingly passing a resolution calling for legislation to expand divorce grounds in Canada, has the Prime Minister reached any decision on my question of March 16 regarding the setting up of a royal commission on divorce reform in Canada? If so, can he make a policy statement to the House at this time?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am unable to add anything to what I have said in regard to a matter of this importance. I said when the question was first asked that the matter was under consideration, but I should not like that reply to be interpreted as meaning that we would be shortly setting up a royal commission on this subject.

Mr. R. W. Prittie (Burnaby-Richmond): May I suggest to the Prime Minister that if he does not wish to proceed with that course, Bill No. C-68 will do the same thing.

Mr. Pearson: Yes, Mr. Speaker, I am aware of that bill.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed, from Monday, April 12, consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, at ten o'clock last night I had just started to outline what I conceived to be the threefold and dangerous effects of the so-called Fulton-Favreau formula for constitutional amendment which it is proposed be adopted by this House. First of all I should like to deal with its effects on a possible transfer of new jurisdiction to Parliament from the provincial legislatures. Even if the Parliament of Canada, the governments representing all but one of the provinces and the vast consensus of public opinion across Canada desired to have transferred to Parliament the power to enact a federal labour code setting up minimum standards across Canada, this could not be done if one provincial government refused consent. The same would be true in regard to effective farm marketing legislation national in scope,

and in regard to many other transfers of jurisdictions.

To come to the transfer of jurisdiction from the federal to the provincial sphere, if the Federal Government, the government of Quebec and the governments of all other provinces but one agreed to a constitutional amendment which would transfer some aspect of federal jurisdiction to provincial legislatures, or would confer a special position upon, say, the Province of Quebec, this being thought necessary and advisable in order to preserve Confederation, then any one province could veto this proposal. It is not just the Province of Quebec, as Mr. Lesage seems to have thought, which has a veto; every province in Canada has a veto in regard to this formula.

• (12:20 p.m.)

If this present formula were adopted it could prevent the definition within the constitution of Canada of the fundamental and inviolable rights of all Canadians as individuals if one province said no. In other words, if this formula is adopted we can say goodbye to any effective Bill of Rights for Canada. Indeed, if the formula is adopted we will have a Canadian amending formula but we might well have one which we will never be able to use. How ironic it would be if we were to free ourselves from a symbol of colonial bondage of the distant past only to fix upon ourselves and our descendants very real and perpetual constitutional fetters for the future. Only those who accept a static laissez faire view of Canada's government and Canada's future would knowingly accept such a formula. It is not surprising that there are united in opposition not only those who see a dynamic role for the Government of Canada, of which we in this party believe ourselves to be spokesmen, but also those in the Provinces—Quebec, for example—who desire a dynamic role for provincial governments. Both alike recognize the prospect of frustration if the formula is adopted. The program for which this party stands, for example, would be impossible if a rigid formula prevented any adjustment of jurisdiction between the Provinces and the Federal authorities.

Mr. Speaker, let me quote a few authorities on this subject. The late Professor Norman Rogers of Queen's, later Minister of Defence—and in case there are some younger Members who do not know about Professor Norman Rogers, he was a distinguished Liberal statesman—said this of the unanimity rule embodied in the formula, and it is exactly the same as that in the present formula:

> There would be no more effective brake on the development of our national institutions. No adequate means would exist to give effect to the national will. Our constitution would tend to become rigid at a time when changing currents of social and economic thought call for serious reconsideration of the distribution of powers and the limitation of fields of taxation as laid down at Confederation. The purpose of unanimous consent is security through stability. But political societies are not static, but progressive. If their needs and aspirations grow with the times, stability of constitutional arrangements will produce friction instead of security.

If this was true—and I think it was—in the 1930's when Professor Rogers was speaking, how much more true is it in 1965, at the time of our "greatest crisis"? I would now like to refer to a recent pronouncement by a very eminent Canadian who might perhaps disclaim the title of a constitutional expert if he had not just gone out of the chamber. The present Prime Minister is quoted in an interview with Mr. Robertson, printed in *Weekend Magazine* just a few days ago, as saying this, and I call this to the attention of those of his supporters who are in the House:

> A charter or constitution which cannot be adapted to changing conditions is likely to be inadequate for survival. Consequently the constitution is insecure.

True, Mr. Speaker, the Prime Minister was referring to the UN Charter, not the Constitution of Canada. Apparently he has not yet been adequately advised on the application of his statement to the amending formula which his Government is putting forward. I repeat that the present amending formula, if adopted, would operate to prevent adaptation of our constitution to changing conditions. If the Prime Minister does not choose to accept my statement I refer him back to the statement to the same effect by that eminent scholar and prominent Liberal statesman whom I have just quoted, Professor Norman Rogers. Indeed, I could furnish him with the words of many experts on our Constitution which are precisely to the same effect. If I may adopt the Prime Minister's own language, such a Constitution is likely to be inadequate for survival. Canada's Constitution will be insecure.

I would like to refer to another statement in the White Paper itself which has been put out on this subject. It says:

> The problem of framing federal Constitutions and the procedure for amending them, always has been to strike the proper balance between the requirements of stability and of adaptability. Excessive flexibility and excessive inflexibility are equally destructive to the federal structure.

I ask the House to note those words "equally destructive". How true. The formula which the White Paper contains strikes no balance between flexibility and inflexibility. By section 2 it transfers to the realm of inflexibility every part of our Constitution that counts, whether fundamental or not. This wholesale acceptance of inflexibility will, if adopted, in the words of the White Paper itself be destructive of our Federal structure. Surely this is not what Canada wants. Surely this is not what this Parliament wants. And as surely, if this Parliament were free to examine this formula carefully and vote on it without the coercion of Party ties, this is now what Parliament would ever accept.

Why, then, it may be asked, have the Federal and Provincial Governments accepted this formula? I cannot do better than give as my answer the words of Professor E. R. Alexander of Ottawa University. Professor Alexander has prepared an article entitled "A Constitutional Strait-Jacket for Canada" for the *Canadian Bar Review*, which is to be published shortly. I strongly recommend that anyone who wishes to have detailed and scholarly information on this important subject should read this article which I believe will be in the May issue of *Canadian Bar Review*. Professor Alexander has authorized me to quote the following paragraphs:

> On October 14th, 1964 22 men meeting behind closed doors in Ottawa performed a disservice for this country whose repercussions will be felt by generations of yet unborn Canadians. By unanimously agreeing on a domestic amending formula these men took the first step in bringing the Canadian Constitution home. Under this formula the unanimous consent of Parliament and the Legislatures will be required for most significant amendments to our Constitution.
>
> This is the most important constitutional step taken in Canada since Confederation. Canada deserved statesmanship—

These are not my words; they are Professor Alexander's:

> —Canada got provincial partisanship. There was political advantage in arriving at a Canadian amending formula; there was political advantage in giving every province a veto over important amendments; there was no political advantage in preserving the integrity of Canada as a nation.
>
> Yes, we will have a Canadian amending formula, but in many important matters we will never be able to use it. Canada will indeed be in a constitutional strait jacket.

Mr. Speaker, if this is a fair assessment, and I think it is, what is the way out? I suggest that the Government should set up a Parliamentary Committee charged with the task not only of examining the amending formula, but also with consideration of what form the new Constitution, "the bold fresh start", the "much more comprehensive undertaking" referred to by Mr. Fowler and Mr. Faribault, whom I mentioned yesterday, should take. In this connection I should like to quote and adopt as my own the words of R. A. Walker, then the Attorney General of Saskatchewan, at the opening of the Constitutional Conference in October, 1960, when he said:

> We also believe that when this constitution is being developed, the people of Canada should be given an opportunity to present opinions and submissions on this matter. In our view the constitution does not belong to the federal and provincial governments of the country. It belongs to the Canadian people. They all have an interest in the form of structure of this fundamental law...I suggest in a matter of this importance we should hear what interested citizens and organizations have to say.

Again in the Review of Saskatchewan's Position, January, 1962, the following:

> An opportunity should be given to all interested organizations, associations, constitutional experts and private citizens to participate in the formulation of an amending procedure to our constitution.

A Parliamentary Committee could be a focus for a stimulating, exciting Canadian discussion out of which a true Canadian unity might emerge and the strong, vital and respected Constitution which, to quote Mr. Fowler and Mr. Faribault again, "is essential if we are to have a strong nation".

There is, as is well known, some delay being experienced in at least two key Provinces in dealing with the formula, Quebec and Saskatchewan. How long this delay is likely to last, I do not know; but the Prime Minister the other day in answer to a question I put to him—and I think it was repeated in reply to a question put by my leader yesterday—said the Government had no intention of indicating what was to be the procedure in the House with regard to this amending formula until after the Provinces had completed dealing with the matter.

If Parliament is eventually to be invited to deal with this formula, why should it not examine it in committee now? I suggest there is no time for delay. We have not got that much time left. Let us, in Parliament, get on with this task. As my leader said, it seems an absurd anomaly that the one group of people not invited to study the matters pertaining to the crisis of Canada—that is what the B and B Commission described it as—are the elected Members in this House of Commons.

• (12:30 p.m.)

I hope, Mr. Speaker, that this delay in dealing with this matter is not based upon

the fact that the Government hopes that with the assistance of my friend the hon. Member for Red Deer (Mr. Thompson) and some of his followers it can shove this most important constitutional step ever to be taken in Canada since Confederation through this House without the sort of examination that only a committee with power to call qualified witnesses could provide. I call upon the Prime Minister on behalf of this party and I believe with the concurrence of many other Members of this House, to set up such a committee as a necessary preliminary for a constitutional conference which could evolve a new constitution as a basis for Canada to move forward in unity into the second century of her history.

Messrs. Faribault and Fowler in their book, to which I have referred, not only speak of the need for a new constitution but put forward in draft form their ideas of what that constitution might be. They said their book was only for the purpose of provoking informed discussion. I will not be so bold as to emulate Messrs. Faribault and Fowler, but I want to follow their example to a limited extent. I should like to suggest a preamble to a new constitution which I hope is in the spirit in which Canada's new constitution should be approached, and I do so with the thought that many other people will put their hands to this task.

Perhaps I should say that this is my own idea, and I do not in this regard speak for the party which I represent. I put this suggestion forward for consideration and discussion. This would be a preamble to a new constitution replacing what are called the dull and unimaginative words of our present constitution, the British North America Act. Some might think these words are also dull and unimaginative, but I will suggest this preamble:

> We the people of Canada, speaking through our elected representatives in the Parliament and Legislatures of the Provinces of Canada.
>
> Hereby assert our determination to continue together as an independent and sovereign nation within the interdependent world community of nations.
>
> We accept and adopt a federal system as best fitted to the needs of Canada.
>
> We believe that such a federal system must be based upon the equal partnership between the two founding races and we acknowledge the valued contribution made in the past and to be made in the future by Canadians of other origins.
>
> We affirm that the continuing compact of Confederation is based upon respect for individual human rights and upon parliamentary democracy.
>
> We acknowledge the special position occupied by the Province of Quebec as the guardian of a distinctive language and culture.
>
> We hereby provide for the distribution of all legislative judicial and executive power within Canada between the federal and provincial authorities, so as to create a strong federal government able to deal with economic and social objectives affecting the whole of Canada and its relations with the rest of the world, and strong provincial governments endowed with the powers and resources required to express fully and adequately local and regional cultural and historic aspirations of the different provinces and regions of Canada.
>
> We further embody herein the means necessary for continuing co-operation between the different levels of government.
>
> We therefore enact and adopt as the fundamental law of Canada amendable only in Canada in the manner hereinafter set out the following constitution:

[Mr. Brewin.]

Mr. Speaker, perhaps it is easy to draft preambles, but I shall leave the rest of the constitution for another day, shall I say, or at least until others have made some effort in this regard. Perhaps we shall even have to wait until after a constitutional conference has been held.

Mr. Macdonald: Mr. Speaker, would the hon. Member permit a question?

Mr. Brewin: I have only one or two minutes left, but perhaps I should allow the question.

Mr. Macdonald: If other hon. Members of this House agree to give the hon. Member time, will he set out now the precise and practical details of a new constitution which would constitute the real meat of the constitution to follow the gravy which he has just given us in the form of an exhortation?

Mr. Fisher: That is the whole idea, you goof.

Mr. Macdonald: Will all hon. Members give unanimous consent?

Mr. Knowles: Agreed.

An hon. Member: No.

Mr. Brewin: I would remind the hon. Member that if he had done me the courtesy of listening to what I said he would know that I suggested this is a tremendous task to which all Canadians must set their hands. It might involve the creation of a Committee of this House which would have the power to call expert witnesses on the subject. The draft of the preamble which I have made sets out just the general framework and tenor of what might become a new Canadian constitution. My friend can call it gravy if he likes, but I think this is something that we feel is part of a task which can only be performed by all the people of Canada working together, and by all the Members of this House giving their

best efforts. This will require the setting up of a committee and, as has been suggested by Messrs. Faribault and Fowler, among other things, at some stage a constitutional conference will have to be held. If the hon. Member would like to hear my preliminary views on the subject I shall be very glad to discuss them with him. However, I have not more than a minute or two in which to finish my speech, and I shall do so now.

I hope many other Members of the House and many other Canadians will try their hand at expressing what they believe to be the foundation of our existence as a nation. No doubt there are many Canadian poets and philosophers, some of them in this House, who will improve tremendously on the version I have put forward. I suggest that only out of real striving will grow a truly Canadian constitution, repatriated not in name only but springing from the basic thoughts and feelings of the people of Canada. Such a constitution will only grow out of real striving and consideration. If this can take place we will obtain a constitution which will be a source of inspiration to future generations of Canadians.

Mr. Churchill: Would the hon. Member permit a question? Does the hon. Member not consider that the present Canadian constitution, which was worked out by Canadians here in Canada, is a truly Canadian constitution?

Mr. Brewin: What the hon. Member for Winnipeg South Centre has said is certainly true in part, but this constitution was worked out nearly 100 years ago in a community which was colonial in its basic essence, which is totally different to the sort of community we have today. That is why we are discussing an amending formula and full repatriation to Canada. The constitution is still in its form as a British North America Act, an Act of the Imperial Parliament of the United Kingdom. I want to make it Canadian, modern and up to date to meet the needs of Canada in this age and in this generation. Then only will it be truly Canadian.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in presenting to this House another of his command performances at the beginning of this debate the right hon. Leader of the Opposition said he wanted to know about the position of agriculture across this country. He also used that occasion to give me a few swift verbal kicks in the overalls, claiming among other things that I had told Quebec farmers that they do not know how to look after things, and that their solution is six cows and two sows.

I have nothing but admiration for his mastery of grade school mockery. I have less appreciation for his ability to distort without quite fabricating. I do not know what one can do about evil insinuations which apparently have no purpose except to play on cheap regional prejudices. It seems to me that our new dairy program—

Some hon. Members: Hear, hear.

• (12:40 p.m.)

The Acting Speaker (Mr. Côté, Longueuil): Order. The Minister of Agriculture has the floor.

Mr. McIntosh: Mr. Speaker, I would ask that the Minister be prohibited from reading his speech.

The Acting Speaker (Mr. Côté, Longueuil): Order. I can see that the Minister looks quite often at his notes, but he is allowed to do so.

Mr. Hays: Mr. Speaker, it seems to me that our new dairy program, which will raise the incomes of some 62,000 farmers in Quebec alone, is enough to refute any insinuation that I have no interest in or understanding of the problems of Quebec farmers. Any halfway objective examination of my views on the need for expanded farm units and better farm management in Quebec will also show that they are completely in line with the current thinking of the Quebec Government.

But the Leader of the Opposition has such a fatal genius for bringing troubles on himself that I cannot bring myself to cause him any more. When he mentioned agriculture I wanted to take him seriously if I could. I went through his speech twice, and I could not find a single policy in the whole carload of his sarcasms, and it occurred to me that you just cannot give leadership in anything, certainly not in agriculture and much less to a whole country, with nothing but invective, however entertaining that invective might be.

To govern Canada, Mr. Speaker, and to help agriculture we must have policies, the kind of policies referred to in the Speech from the Throne. Instead of getting into the kind of cat fight the Leader of the Opposition is always asking for, I want to discuss some of the Government's thinking on new agricultural policies and new agricultural approaches. I would be interested to hear the Leader of the Opposition or the hon. Member for Qu'Appelle (Mr. Hamilton) present some alternatives.

As I have said before, some of the policies of the previous Government were steps in the right direction, but they were faltering steps. In agriculture their stock in trade was the handout approach.

Mr. McIntosh: Pretty extensive notes.

Mr. Hays: They lacked either the imagination or the guts to bring in solid and responsible policies aimed at providing lasting solutions to our agricultural problems.

Mr. Fisher: Author?

Mr. Hays: What they apparently wanted most from all their policies were votes. They did not care how much of the taxpayers' money they had to spend trying to buy them, or how much they worsened the long term problems of agriculture in the process.

Mr. Fisher: Author?

Mr. Hays: The mess they made of the dairy program is a good example. They were right in wanting to give our dairy producers higher returns, but they were too chicken-hearted to go the whole way and develop a policy that would put those higher returns on a sound basis, a basis that would not eventually have wrecked the industry with an ever-increasing surplus of production. They were afraid to do what they must have known should be done. They might have lost a few votes—

Mr. McIntosh: Who wrote that for you?

Mr. Fisher: Author?

Mr. Hays: —or else they were incompetent to do the job. They left it to this Government to get the dairy industry out of its mess, and we are now well on our way toward doing just that.

Mr. Fisher: Author?

Mr. Hays: Mr. Speaker, this will give the middle-aged beatnik from Port Arthur something to put in his column. Anyone who cares to examine our dairy program in detail will find that while it is designed to bring about a return for manufacturing milk which on the national average basis will be equal to $3.50 per hundredweight compared with $2.80 to $3 up to a year ago, it is also designed to discourage production surplus to our domestic needs.

In crop insurance it was the same story. They brought in a program that our farmers need, but it was so crippled by their political fearfulness that no province was ready to buy it. It was left to this Government to straighten it out and make it work. They brought in the ARDA program; then they made such a mess of the whole country's finances that they could not afford to get it off the ground. It was not until this Government took over and straightened out their financial mess that ARDA really got rolling. They expanded farm credit, but again they only went half far enough and left it to this Government to apply the bold approach demanded in this field.

We have to think a little bigger in Canada today than we ever thought before because our problems are a great deal larger. We have to define our problems and then define the goals we want our policies to head for. Our agriculture as a whole is healthier and more productive today than ever before, but we all recognize that thousands of individual farmers still have serious problems. You can sum up these problems in two words: low income. This is the core of the problem we have to deal with in all our agricultural policies.

Since I have been Minister of Agriculture I have studied personally at first hand the agricultural policies in 10 countries. From what I have learned it is my considered opinion that Canada today is behind most of those countries in establishing policies that will ensure a strong, economically sound food production industry for the expanded population we will have in the future. Where we are most behind is in establishing a comprehensive national policy to cover the whole of our agricultural economy.

We like to think of Canada as an agricultural exporting country, and we still do export some 30 per cent of our total farm production, which amounts to about a fifth of our total exports. But we have been so careless of agriculture during the last 20 years or so that today we import almost as much food, in terms of value, as we export, including items like pork and beef and cheese which Canada can produce as well as any country in the world. We do not think Canada should become dependant on world markets for such an essential item as food. It is to see that this does not happen that this Government is developing a comprehensive national policy for agriculture.

This is not the appropriate occasion to go into the details, but I can say this: I believe that the direction in which we will be moving with the proposed National Dairy Commission should provide a guide for approaches to income and marketing problems in other areas of agriculture in the future. If these sound like radical approaches, I defend them

by pointing out that our problems are also radical. Handouts are certainly no solution, nor are subsidy programs that only encourage unhealthy surpluses.

We have taken an ad hoc approach to our agricultural problems for too long. The Government intends to develop in co-operation with the provinces a national agricultural program based on economic principles which, as far as possible, can be placed beyond the reach of political expediences. This program must ensure a stable supply of food for our consumers at reasonable prices. It must recognize the legitimate interests in our domestic market of our trading partners. But it must also recognize the right of every farmer in the country to an income that is more closely equivalent to what the workers in our towns and cities enjoy.

We now have labour laws guaranteeing minimum wages for our workers. We have tariffs and tax incentives for our businessmen. It is time we started thinking of a minimum income for our farmers. In 1949 the average weekly industrial wage was equivalent to $2,236 per year. In the same year the average realized net income of farmers was almost the same, $2,283. In 1964, however, the average industrial wage had increased to $4,472 while average farm income was only $3,815, a difference of nearly $700.

I believe that the primary objective of all our agricultural programs should be to encourage a national average realized net income for the family farm equivalent to the national average industrial wage. I think that should be our definition of an economic farm unit. It was with this goal in mind that we doubled the farm credit available through the Federal Government. It was with this goal in mind that we established the Farm Machinery Syndicates Act. It was with this goal in mind that we revised the crop insurance program. It was with this goal in mind that we developed a new utility-based prize program for all major farm fairs and exhibitions in this country. It will be with this goal in mind that we will establish a National Dairy Commission.

Reviewing the agricultural situation after taking office, the Government decided that the most urgent step toward strengthening the position of the family farm was to provide better credit facilities. Without adequate credit the family farm could not be expanded to its rightful level of profitability in our economy as a whole. We have now provided the credit facilities to make this possible. Our farm credit legislation has also made it easier for a father to pass on the family farm to his children and for young farmers to get a decent start. Yet our critics complain that this is no help because you cannot borrow yourself out of debt.

• (12:50 p.m.)

These people just do not understand the uses of credit in farming. They still think of the family farm as a few acres of badly cultivated land, six tired cows, a couple of worn out sows, bookkeeping on the back of an envelope, a shed or two, a tarpaper shack, a mail order catalogue and an outhouse. This is not a family farm but a welfare problem, and we have policies for that, too.

Up to now in Canada it has generally been left to farmers themselves to develop economic units through their own resources. In my examination of agricultural policies in other countries I have been impressed by Government programs for the purchase and redevelopment of poorly used lands. I think the Federal and Provincial Governments in Canada will have to consider very soon a comprehensive national program for Government purchase and redevelopment of such lands into economic family farm units, which can be sold or leased back to private individuals who can then expect to make a decent living on them. We want a flush toilet, not an outhouse farm economy for Canada. The successful family farm today must mean modern, expensive and efficient machinery; good buildings, costly fertilizers, city style bookkeeping and management, with enough cash income to send the children to universities as city families do, and electric lights and indoor plumbing.

Let us take a look at the kind of family farm that could be expected to return a cash income of about $4,500 a year for the farmer's labour and investment. For a wheat farm on medium land in Saskatchewan he would need about 700 acres, plus the machinery to work it, or an investment of $40,000 at the very least and probably closer to $50,000 or $60,000. For a dairy farm in Ontario to provide that kind of living, the farmers would probably need at least 200 acres of land and 40 to 50 milk cows, a minimum investment of $60,000 and probably more. To make a cow and calf beef operation pay that much in Quebec or the Maritimes a farmer should have something like 500 acres and at least 100 cows, probably closer to 200, an investment of anywhere from $60,000 to $75,000 and upward.

This is the reason we expanded farm credit as much as we did, and we may eventually have to expand it even further. This is why we now intend to take the next step by developing policies that will assure our farmers the kind of markets and incomes that will enable them to pay for this kind of expansion.

Mr. Watson (Assiniboia): May I ask a question? Is it true that a farmer must be under the age of 45 and have assets of $75,000 in order to be eligible to borrow from the Farm Credit Corporation the $55,000 to which the Minister referred?

Mr. Hays: This is not so, Mr. Speaker. If he obtains a supervised loan up to $55,000 he gets the first $27,500 at 5 per cent, and an economic rate is charged on the balance. A farmer is required to have 25 per cent down. If you were selling to your son you could give him the 25 per cent and he would be able to finance the balance through the Farm Credit Corporation. I might say that since we amended the Act to grant larger loans, farmers across this country have been participating. Many of them are refinancing or extending loans that they have, and we have many new farmers who have just started and who have purchased land from their fathers or relatives.

Mr. Watson (Assiniboia): But these people would not be permitted to borrow $55,000, would they, because they would not be qualified?

Mr. Hays: Not necessarily; if they have the qualifications they certainly can borrow. They have to be bona fide farmers; they cannot be Members of Parliament or Cabinet Ministers or would-be authors, that sort of thing. Most of them can take advantage of these loans.

Mr. McIntosh: May I direct a question to the Minister?

Mr. Fisher: I will write your speech.

Mr. Hays: It would not be worth reading.

Mr. McIntosh: Can the Minister tell the House how many loans have been made up to the amount of $55,000?

Mr. Hays: I cannot answer the question because I should like to be accurate. However, I would be glad to get the information for the hon. gentleman.

Mr. Robert C. Coates (Cumberland): Mr. Speaker, my first words must be of congratulations to the Mover and Seconder of the Address in Reply to the Speech from the Throne. I should like to offer special congratulations to the hon. Member for St. John's West, who acquitted himself very ably and indicated that he certainly has the ability and is the kind of representative from the Atlantic area the people look forward to having represent them in future Parliaments.

Now, Mr. Speaker, I should like to make a few comments on the speech delivered by the Minister of Agriculture. I may say that as a Member from Nova Scotia, where we have very significant problems in agriculture, we were pleased to see an indication in the Speech from the Throne that some action would be taken in agriculture that would be of benefit to our area. It is difficult to make further comments on the proposed legislation until we see it.

We have been waiting a long time for action in this field. Certainly I am not going to be overly critical of the Government at this stage, in view of the fact that action has been taken no matter how belated it might be. I will certainly look forward to the new agreements that have been developed between the Provincial Governments and the Federal Government under ARDA. I will look forward to the feed grain legislation which is so much needed in our area of Canada if we are to develop the beef cattle industry to the extent we would like to see it developed. I hope the Government will move very quickly in bringing this legislation before the House so that agriculture in the Atlantic area can be assisted, and assisted it must be in a very material way at the earliest possible opportunity.

Now, Mr. Speaker, I should like to make some general comments about the Speech from the Throne and a subject which has given me a great deal of concern for some time. We did not become the nation we are today by producing leaders who mimic their counterparts in the United States. Yet when we read the Throne Speech we must quickly come to the conclusion it is based on either a yellow, tattered and torn state of the union message outlining the new frontier policies of the late President Kennedy, or the new version of President Johnson's great society. In either instance it would be helpful to Canada if we had made in Canada policies, based on Canadians' ideas and applicable to our Canada.

What a shock this Throne Speech must have been to many Canadians who supported the

Liberal Party in 1963, for it is a socialist philosophy dressed up in Madison Avenue language. It is the announcement of an impending marriage between the Liberal Party and the N.D.P. It may well be that the only reason the ceremony has not been performed before now is the language used in outlining the marriage proposal.

Some have said this Throne Speech is like a reversible coat in that it can be turned inside out and used as an election platform. Surely, Mr. Speaker, before election platforms can be considered by the Government of today we must expect action of a far different type which has been far too long in coming, and which will allow the electorate to make a sane and sensible decision. Surely this Throne Speech is little more than apple polishing in the hope the electorate will forget what has transpired in this nation since this Government took office. If this is a smokescreen for scandal, then it is too thin and too obvious and the Canadian public will quickly see through it and judge this Government for what it is, a gigantic flop.

• (1:00 p.m.)

The Prime Minister described my leader as Mr. Clean, and he was so correct. No man has a greater reputation for honesty and integrity than the Leader of the Official Opposition, and no man led his government with more fearless dedication to these principles. There was no code of ethics required among members of the Diefenbaker administration; it was a part of the character of the individuals appointed during that period. There were no charges of misleading Parliament levelled at my leader, and no concern among Members of this House over activities of Cabinet Ministers. No man in Canada today has been scrutinized with greater care by members of the Fourth Estate. No man has had his character investigated in such minute detail or has had his faults—yes, we all have some—magnified beyond recognition as has the Leader of the Opposition; and no man has a cleaner bill of health when the decision is rendered on his dedication to his country and to the principles of honesty and integrity.

Some hon. Members: Hear, hear.

Mr. Coates: Surely, Mr. Speaker, the Government is not so simple minded as to think it could secure a mandate from the Canadian people on the basis of its present record. It would be an endorsation of fumbling and bumbling, of colossal ineptitude that has become the hallmark of this regime. Surely no Canadian would vote for the continued tenure of a Prime Minister who fled from the House of Commons on an unimportant junket to western Canada with bombshell after bombshell being dropped on his party, only to return, after the fireworks had died down, to inform the country and the House that he had misled them before embarking on his junket.

Where is the action from the Government on the gravest matter facing Parliament since I have been a Member, and surely one of the gravest in the history of our nation? Instead of action we get excuses on the character of the Prime Minister; he is timid, he is feeble, he is anaemic, he is a nice guy who does not like to hurt his friends. If these are the Prime Minister's friends, who needs enemies? But, Mr. Speaker, they do not tell the real story.

The real story is that the Prime Minister is not capable of taking the action that is demanded, and on this basis an appeal to the public will end his tenure in office—a good thing for Parliament and for Canada. The Liberal Party has caused irreparable damage to Parliament. It has left open sores that are so much in evidence today, and the ointment prescribed in the Throne Speech will not heal the wounds they have inflicted on this revered institution.

Early in the last session of Parliament, indeed soon after the session began, on February 20, 1964, as recorded at page 38 of *Hansard* I asked the Minister of Justice the following question:

> Is the Minister in a position to inform the House on his Department's assessment of the extent of Mafia operations in Canada?

At that time the Minister of Justice took my question as notice. Then on February 26, as recorded at page 258 of *Hansard,* I again asked the Minister if he was in a position to reply to my question of February 20, and he stated at that time:

> —I would prefer to answer that question later, and I also ask for leave to discuss the advisability of answering it.

I did not realize at that time, but I can certainly appreciate today, why the Minister of Justice wanted to consider the advisability of answering a question on the Government's assessment of organized crime in Canada, in view of the fact that I am sure the recent Parliamentary Secretary to the Prime Minister would have been very anxious not to have the Minister of Justice provide us with that kind of information; and that a great many other friends of the Minister, important

people in the Liberal Party, would not have been at all interested in having Canadians become aware of the degree of infiltration of organized crime within the Government of this nation.

Mr. Speaker, I did not realize the degree but I was concerned, because I was aware of the investigation that was carried out in the Province of Ontario and of the indications of the build-up in organized crime in this nation, most of it moving in from south of the border, taking over our great cities. Now we have found in a most unhelpful way just how far organized crime has gone in this nation and what a great influence it has on this institution and on people who have been elected to this institution.

We are now awaiting the report of the Dorion Inquiry, and that will look after one aspect of the situation. But, Mr. Speaker, are Canadians going to be satisfied that this is the full extent of the infiltration of organized crime into the Government and the operations of the Government of this nation? When we see how easy it was for Mr. Rivard to walk out of a penal institution and disappear completely, to become not only a national joke but an international joke, we get some appreciation of just how far organized crime has entered into the operations of governments in this nation. And surely if we are going to remove the smears that have been placed on this institution by the Liberal Party we as Canadians are entitled to more than the Dorion Inquiry, and we should demand it.

Some hon. Members: Hear, hear.

Mr. Coates: What this country needs today is a Royal Commission that can investigate every aspect of organized crime and its operations in the nation; a commission that will go well beyond the scope of the Dorion Inquiry; that will look at the Department of Justice and the methods used in determining whether or not charges are to be laid against individuals; that will look at the Department of Citizenship and Immigration and determine how certain people get into this nation and how they stay here, and how difficult it seems to be for officials of that department to remove them from this nation when we find that they no longer should be here.

There are so many avenues that demand exploration that Canadians should expect at the very least from the Government a full disclosure to the public of what has been developing in this nation through the build-up of organized crime, and the only way this can be done is through the appointment of a royal commission or a judicial inquiry that will have available to it a scope that is not and has not been available to the Dorion Inquiry. When this comes about, then Members of Parliament will be able to feel that they need not have this type of smear hanging over their heads because of something in which they had no part. I would not like to think that this institution has been degraded to the degree evident in the minds of the Canadian people because of things the Liberal Party has done, things which they felt were to their benefit but which were certainly not to the benefit of Parliament or the Canadian people.

• (1:10 p.m.)

But this may be too much to expect, Mr. Speaker, from the present Prime Minister, for he seems to put his friends before his country, and to put his friends before Parliament. In fact he seems to put his friends before everything, and it is difficult to imagine what kind of action you can get from a man like this. But surely it is never too late to hope that he can change, that he may read some of the editorials which appear almost daily in the newspapers of the nation telling him to take action and to be ruthless; telling him to do the things which he gave the people of Canada the impression he would do when asking for their support in April, 1963, but which he has failed, and failed in a most miserable manner, to do since he became the Prime Minister of this nation.

Mr. Steven Otto (York East): Mr. Speaker, I should like to join other hon. Members of this house in congratulating the Mover and the Seconder of the Address in reply to the Speech from the Throne. I was very impressed with one idea expressed by the hon. Member for St. John's West, which was that education is now a matter of national concern. In fact he went further than I ever did and said that the standards of education were a matter of national concern, and it is a tribute to his eloquence that so far no one has taken issue with him on that. I recall that the last occasion I broached this subject was on the education bill, and the Leader of the Opposition took me severely to task on the question. Therefore I congratulate the hon. Member for St. John's West on the success he has had, because he shows reform thinking.

In these few moments I should like to deal quite emphatically with the whole concept of

reform. The Speech from the Throne finally adopts the idea that we must have reform of our rules and procedures. I am sure you will recall, Mr. Speaker, that back in November, 1962, when I made public my views about the Liberal Party and their zeal for reform, I said in my remarks that the most essential place for reform is in this House. At that time the word "reform" was not quite as acceptable as it is today, and I am happy to see that everyone else in this chamber is now in favour of reforming not only our rules and procedures but the whole concept of parliamentary government.

In the last eight or nine years we Liberals, I think, have learned one thing clearly, and that is that we do not rule by divine right. We occupy the treasury benches only if we pursue reform with zeal. That is our whole purpose of being. Sometimes I am inclined to remind hon. Members and some of the Ministers that the Liberal Party was not born in a soft easy chair at the Rideau Club. Nor was it intended or initiated to protect and solidify its establishment. Most hon. Members know that the whole purpose of the Liberal Party, its whole conception, was to be against establishment. It was a party for the individual, and I think this line of view is very well expressed in the Speech from the Throne.

I intend to deal with one specific issue in this idea of reform, and that is in connection with one problem existing today, namely that of assistance during times of unemployment. Most hon. Members will realize that there are eight or nine avenues which supposedly are means to assist people who become unemployed. If a man is fired from his job he then turns to unemployment insurance. This is a federal matter. There are certain regulations involved and he has to send in his card, get it mailed back and so on. However, if you exhaust your unemployment insurance and you are under the age of 65, then you have to apply for welfare, which is a municipal matter. If you are injured on the job you go to the compensation board, which is a provincial matter. If you are over 65 and out of work you can apply for old age assistance, a provincial matter. If you are under 65 and cannot get a job you go back to your municipality. If you are crippled or blinded then a provincial act comes into application.

All these measures deal with the provision of assistance during times of unemployment. Therefore I suggest to the Government that an insurance plan which is a measure of reform is absolutely needed now. We have all these plans, each with a different system of administration, yet not one of them actually deals with the subject properly.

Consider the question of unemployment insurance. Originally it was devised to provide a means to pay for food, clothing and shelter when a man lost his job. Consider again, Mr. Speaker, whether at the present time the $30 a week provided does any of these things. It scarcely pays for his food. What is to become of his shelter and clothing and all the other expenses necessary when a man is out of work?

Obviously our present measures are not sufficient. Unemployment insurance, I think we will all admit, has been a sort of political football. We included within its ambit fishermen, lumbermen and others, and the provision of strike pay. In other words, at the present time the only people who really get some benefit from the unemployment insurance fund are those who already have protection. For instance, if a man goes on strike and draws strike pay, this additional $30 will help him. If a female employee quits her job to raise a family, this sum again comes in very handy. If a man retires but does not receive a pension it also comes in handy.

However, Mr. Speaker, all these provisions have a reserve, and the unfortunate part about the whole matter is that most Canadians are now convinced that this is a sort of enforced savings plan, and they have no compunction whatever about asking for unemployment insurance whether or not they are really entitled to it. In other words they say to themselves "I have put so much money in and I want to draw so much money out". That is not the purpose of the fund.

• (1:20 p.m.)

To supplement this I think you would be surprised, Mr. Speaker, at the number of people who use family assistance as some sort of family allowance which people save up for the benefit of their children and their education, but when the time of stress comes they have to dip into that. This is another matter that is a sore point with most people. The situation now is that unemployment insurance, and in fact all these other programs, do not provide the proper assistance, the proper measures. This is where we, as the Liberal Party and a Liberal Government, should get our minds to work to develop a completely new scheme.

I would suggest the following, in keeping with that idea. We already have an unemployment insurance set-up; we now have the Pension Plan, and we have the old age assistance program. I suggest a comprehensive scheme that will merge all these programs into a truly beneficial pattern. I suggest that this be a contributory plan. I suggest that the benefits be geared to approximately 75 per cent of earnings, very similar to the Compensation Board, because this is a much truer idea of help and assistance. I also suggest that there be a maximum annual income and a maximum fixed to the benefits. I further suggest that the total annual earnings be taken into consideration, so that if a man draws $75 a week but happens to be a seasonal employee and during the course of the year earns more than he is entitled to under this scheme, then of course that would have to be refunded or levelled out. I also suggest one other thing, that all people, whether blind, crippled, old, not yet receiving the pension, who need assistance during the term of their employment should be merged into this one plan.

I have one further suggestion, Mr. Speaker, that may sound a little radical but I do not think it is; that is, that these benefits should be payable when a man wants to quit his job and look for another one. Some will say "Good heavens, this is strictly socialistic". I am looking at it from a business sense point of view. I know from personal experience that if a man doesn't like his work and doesn't feel this is where he belongs, he produces to only 10 per cent of his capacity. We should give them six months to find another job. I have done this; I have said "Go and look for another job and I will pay you until you find one". The result was that I was better off because I found somebody else who liked the job, and he was better off because he found a job he liked, and he and the man I employed produced to 90 per cent of their capacity rather than 10 per cent. This is a problem we must face, and I suggest that this type of new, comprehensive plan would be truly a measure of reform in this field.

I think, Sir, you will recall with me that this may be adopting an idea from private enterprise, because back in 1954, 1953, 1952, just in the general insurance field you had fire insurance, theft insurance, liability insurance, hail insurance, glass insurance and just about every type of insurance, and it was very costly. Then the idea of comprehensive general insurance was introduced. I was surprised to find just recently that I am paying less for insurance now, in 1965, than I was paying in 1954, and getting everything covered. So the administrative saving and the efficiency of this type of comprehensive plan would be very beneficial and is very much needed. We would finally be able to say to the people of Canada that we truly have a measure that gives them factual assistance when they are unemployed.

This would remove a lot of the apprehensions that exist at the present time. Some will say this is an interference with provincial rights, because the Provinces are already concerned in these matters. But if we do have—and we have—an idea of co-operative federalism, I think we can overcome these problems. That, Sir, I suggest would be the true meaning of reform, and I highly recommend that our Government look into this matter and that all Members pay serious attention to a comprehensive plan, which is a very much needed measure at the present time.

Mr. Alkenbrack: Mr. Speaker, may I ask the hon. Member a question. I noted with interest the hon. Member's review of the various plans this Government had taken up or advocated. I would like to ask him what became of the older workers training and assistance program, which was a much vaunted program a few months ago but about which I have not heard anything lately.

Mr. Otto: Mr. Speaker, I am informed that the Minister of Labour dealt with this matter the other day. However, I would like the opportunity to repeat my point. I am trying to say that we should merge all these plans. We have all these individual plans which could be merged into one truly effective plan, which we are going to need in this time of automation and in this time of a general movement of labour.

Mr. Eric Stefanson (Selkirk): Mr. Speaker, my first words are those of congratulation to the mover and the seconder of the Address in reply to the Speech from the Throne. They are both young men who no doubt have a long future in public life ahead of them.

It is interesting to note that both these Members referred to unemployment; they both said they had unemployment in their ridings and that they were concerned with this. Many of us recall that when the Liberals were in opposition they claimed they had all the answers. They talked daily about doom and gloom and said "Give us a chance and we will correct everything".

During the 1962 and 1963 election compaigns, to listen to Liberal speakers and read their propaganda one would come to the conclusion that they were supermen with the power of magic; that all they would have to do was wave the magic wand and everything would be rosy.

However, it did not take very long for this bubble to break. It has become plain that those sitting on the treasury benches are not supermen; that they are mere mortals and are not infallible. They have also demonstrated that they are indecisive, ineffective, lackadaisical, even lazy, and in some cases are not free from corruption. It has become plain that they have not been able to solve the problems, and in many cases have not even been able to cope with them. This was demonstrated by the mover and seconder, who said that unemployment was a serious factor in their ridings.

Another frightening situation is the sky-rocketing cost of living during the past two years. This has created real hardship for those who have low incomes and those who are on fixed incomes, and this includes all retired people on pension.

The Speech from the Throne was certainly wordy. It is possibly one of the longest speeches presented to an opening of Parliament. It includes many left-overs and is full of generalities. One cannot help but be suspicious that it is mere window dressing and that, by the past performance of Liberal Governments, they have no intention of dealing with many of the items mentioned. In the event of an election it is a handy document to have, whereby the Government could say this was their program. This is a typical Liberal attitude.

• (1:30 p.m.)

Members on this side of the House have dealt with many of the items mentioned in the Throne Speech. I intend to deal briefly with some of them. The hon. Member for Simcoe East dealt with the paragraph relating to the price of drugs. I agree with him that it is not good enough for the Government to re-establish a committee to study this matter. The Government has the power to cut the price of drugs by removing the sales tax. It is most unfair and unjust that there should be a sales tax on drugs. I personally believe that the principle involved here is totally wrong. When a person is ill he has the added expense of obtaining drugs. It is not enough that these people are ill and have these added expenses over and above those incurred by a person who is well; the Government penalizes them further by putting a sales tax on drugs. I feel this is wrong, unfair and disgraceful, and I urge the Government to take immediate steps to correct this situation.

The hon. Member for London referred to the Income Tax Act and specific unrealistic exemptions. This matter was discussed during an amendment proposed yesterday, and the figure of $3,000 as exemption for a married individual was suggested as being realistic. Under today's conditions I believe also that that would be more realistic, and I urge the Minister of Finance to give some consideration to an increase in income tax exemptions in his budget which he intends to bring down on April 26.

The Minister of Finance and the Government have turned deaf ears to the requests by Conservative Members for the removal of the 11 per cent sales tax on building materials and production machinery. Surely by now the Government has learned through experience that this tax has placed a burden on Canadian industry and has hindered growth and development. It is to be hoped that the Government will take quick action to correct this inequity and injustice.

There is something for almost everyone in the Throne Speech, but one group has been left out completely, and that is the small businessman in Canada. In the past the small businessman in Canada has been the backbone of the nation. I am sure almost every Canadian has received assistance at some time from a small businessman. Today with the trend toward supermarkets and shopping centres many small businessmen are experiencing difficulty, but as far as the Government is concerned it is apparently prepared to see the small businessman perish and disappear completely. In this regard this Government is apparently void of ideas, and is content to sit on its fat backside and do nothing. I for one hope it will have a change of heart.

I should now like to refer to that paragraph in the Speech from the Throne which states:

> You will be asked to consider measures of special assistance to the family farm in both eastern and western Canada.

I listened to the Minister of Agriculture this afternoon but he did not clarify that paragraph in relation to agriculture. In fact I gained the impression that he was making fun of the family farm. His attitude has led

me to believe that these are just flowery words which make nice reading, and they are there only for that purpose. The Minister of Agriculture referred to a national policy for agriculture. This Minister and this Government are noted for going out through the country making statements, grandiose announcements and announcements of policy without action to follow them up. They receive press coverage, are interviewed on television, and by this manner of behaviour are able to deceive the Canadian public.

The Minister of Agriculture spoke about low farm incomes, and that certainly is a true situation. It is interesting, however, to note that since he became Minister there has been a drastic drop in the prices of beef cattle, turkeys, eggs and poultry, and a short time ago in wheat. All this would indicate that he does not have a clue as to how to deal with these matters. When the hon. Minister accused the previous Government of not doing anything he seemed to have forgotten that the former Government introduced ARDA, crop insurance, the Farm Credit Corporation, the Stabilization Act, legislation providing interest free cash advances on farm-stored grain, and also introduced acreage payments. All this Minister has ever done is increase the load placed on farmers. His announcement regarding the increased amount that farmers can borrow drastically increased the value of land and has done nothing whatever to assist the farmers.

Perhaps I should also point out to the Minister that although he brought in an amendment to the Crop Insurance Act last summer to provide for reinsurance, it is my understanding that the Minister has not finalized this with the Provinces, although he has had several months to do so. In that regard I would charge him with being tardy in his duties.

The former Minister of Public Works (Mr. Deschatelets) made a grandiose announcement in the House of Commons on July 17, 1963 about arranging meetings with the Provinces to discuss a national highway policy. This anouncement received a great deal of publicity in the press, on radio and on television. The Minister was interviewed on television and gave the impression that this was a tremendously important policy announcement and that action would be forthcoming. What has been the result? This conference was never convened. Why was it not convened? A cost-sharing arrangement between the Federal and Provincial Governments in respect of major highways would have been acceptable to Provincial Governments, and I suspect that is the reason this conference was not convened. There are indications that this Government is discontinuing the Roads to Resources Program. This was a beneficial and useful program, and it was under this program that many of the roads in central and northern Manitoba were built including the road from Gypsumville to Grand Rapids.

There is an urgent need for the establishment of a national highway policy. To help the growth and development of western Canada it is essential to construct a second east-west route. This second highway should follow a northern route. It could easily pass through the interlake area of Manitoba, cross Lake Manitoba at the Narrows and carry on west to Edmonton and beyond. There is also a need for more highways in northern Manitoba to make this area more accessible so the natural resources can be developed. I urge the new Minister of Public Works to get cracking and establish a national highway policy without further delay.

Another matter for his consideration is the need for a policy covering pleasure boats, which are increasing in large numbers each year in all parts of Canada and will continue to increase. This traffic requires certain services, and it is therefore essential to determine who has the responsibility for providing these services. It has become urgent that policy be adopted in this regard.

Members of this Government have made so-called policy statements with a lot of fanfare and publicity, following which nothing has been done. I suggest this is a pattern which has developed among those sitting on the treasury benches. This type of performance is not good enough. The people in all parts of Canada are entitled to something better.

I should now like to refer briefly to the paragraph in the Throne Speech which refers to human resources. It states:

> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training—

It then states:

> My government therefore is developing a program for the full utilization of our human resources and the elimination of poverty among our people.

Those are very nice words, but sound very much as though they have been borrowed from the former Kennedy administration and

the present Johnson administration across the line. They indicate quite clearly that this Government has far from solved the problems with which it is faced. I await with interest the legislation which the Government will introduce to deal with these problems. I sincerely hope that these are not just flowery expressions put into the Throne Speech for effect, but that the Government will take concrete action. I hope the Government will come up with some good, effective legislation which will best utilize all human resources. It does seem to me that redevelopment of rural areas and the training of workers fits into the ARDA program.

The ARDA legislation introduced by the former Government is the most forward looking legislation introduced by any Government. Another paragraph of the Throne Speech refers to ARDA as follows:

> You will be asked to approve the creation of a fund for rural economic development and, in order to provide for fuller integration of action for rural development, amendments to the legislation regarding ARDA will be placed before you.

• (1:40 p.m.)

When the Minister of Agriculture spoke this afternoon he poked fun at what the former Government had done through ARDA. I think the ARDA legislation was by far the most forward looking and imaginative legislation ever introduced by any Parliament on the North American continent. Certainly it is not the type of legislation that a Minister should treat humorously. As an indication of what the Prime Minister must have thought of the competence of the Minister of Agriculture, let me point out that he did not allow ARDA to remain under the Department of Agriculture, where it actually belongs. He removed it from the Minister and has now placed it under the Minister of Forestry (Mr. Sauvé). He has much more confidence in the Minister of Forestry administering this act properly. I certainly will await with interest the amendments which the Government proposes to introduce. The original ARDA legislation had three main aims; to put to better use marginal land that is not very productive in its present use, to develop income and employment opportunities in rural areas, and to develop and conserve the water and soil resources of rural Canada.

On checking over the projects which have been approved in the Province of Manitoba I find that these come mainly under soil and water conservation projects, alternate uses of land and research. Actually very little has been done to date under rural development. In my opinion this section of the Act is the most challenging, for in the long run it will accomplish the most good. I hope a determined effort will be made to promote projects under this section of the Act. One project which has been approved and which comes under this section is a pilot plant to process rough fish from Lake Winnipeg for mink food to increase the income of local fishermen and make available low cost animal food.

In March of 1963 the Interlake region of Manitoba was declared a test area under the ARDA program, and later it was designated as a rural development area. Many research programs were carried out in this area, some paid for 100 per cent by the Federal Government and some on a cost sharing basis with the province. Some of these programs dealt with research, land use, water conservation, wildlife, tourist facilities and attractions, manpower and the prospects of establishing industry. Many of these surveys have been completed and no doubt they were very useful in that a lot of valuable data has been collected. This information should be made available to area development committees and municipal councils. This information will be of little value if it is locked up. The more widely it is made available the more likely it will be made use of.

In April of 1964 two area resources conferences were held in the Interlake area, one at Arborg and the other at Stonewall. These two conferences provided a lot of information and generated a great deal of local interest. Since these conferences were held, area development committees have been set up throughout the whole district. These committees are doing a lot of good work, and the men and women serving on them and giving of their time and effort deserve a lot of credit. With the spirit of the people at the local level, I am sure that the ARDA program will be made good use of in the Interlake area.

These people, however, need a lot of encouragement from both provincial and federal officials. I am aware that these officials are doing a good job, but I should like to suggest that in an area which has been designated as a rural development area an even greater degree of co-operation and effort should be put forth by officials of both governments.

The Minister of Forestry, who is in charge of administering the Agricultural Rehabilitation and Development Act, has, I understand, great confidence in the Act. For this

I am very thankful. However, I have one criticism to make. With the original agreement which was signed in 1962 now expired, the Minister has not signed the new agreement with the provinces. In my opinion this is being tardy. I urge the Minister to take care of this without further delay. I also urge the Minister and his officials to do everything in their power to make sure this legislation does what it was set up to do, and that they make all possible assistance available to areas designated as development areas. The success of this legislation will help to make Canada a better place in which to live.

In the paragraph of the Speech from the Throne dealing with ARDA there is reference to the creation of a fund for rural economic development. I certainly hope that when the fund is created the money will be spent all across Canada. My constituency could benefit a great deal if some of the money was used in that particular area, and I urge the Government to see to it that some of the funds are allotted to that area.

There is another matter I want to touch on. I refer to water pollution. In 1958 I had the pleasure of introducing a private Member's resolution in the House dealing with water pollution. Subsequently the former Conservative Government took the first step to deal with water pollution when they made loans available to towns and cities for trunk sewers and sewage disposal plants. In the agreements there was a forgiveness provision to the extent of 25 per cent to encourage towns and cities to undertake this work.

This was the first step to deal with water pollution and it was indeed a most welcome one. Many towns have used this legislation to tackle this problem. But this is not enough. A far greater effort has to be made. The Government of today have ignored this question completely, and by the looks of things they intend to ignore it because I do not believe it is referred to in the Speech from the Throne.

The hon. Member for Simcoe East dealt with water. I would agree with him that water is fast becoming Canada's most important natural resource. A shortage of water is developing all over the North American continent, and it is urgent that steps be taken to conserve water and develop a water policy.

Another matter I raised on one occasion by way of a resolution had to do with establishing a permanent voters' list. In the Speech from the Throne there are these words:

> My Government intends ot make proposals regarding the limitation and payment of election expenses when it has received and considered the findings of the committee of inquiry.

I hope that at the same time they will also see fit to deal with the matter of establishing a permanent voters' list. Under our system today many people are disfranchised, and there certainly is no reason why every Canadian should not have the chance to vote in a federal election. From my own experience in my own riding I know that if an election occurs at a certain time the fishermen will have gone north to their fishing grounds, and they will lose their votes. I hope this matter will be given serious consideration.

There is another matter which is back on the agenda and is referred to in the Speech from the Throne in these words:

> You will be asked to enact legislation to establish an Indian Claims Commission.

We have seen that promise before but nothing has been done about it. I will wait with interest to see whether the same thing will apply again or whether any action will be forthcoming.

There is one other item I want to touch on before I take my seat, and it is referred to in this paragraph in the Speech from the Throne:

> In order to raise the level of income of Canadian fishermen, a measure will be placed before you to provide for an expanded national fisheries development program.

I am very pleased to see that the Minister of Fisheries is in his seat. Hon. Members will recall that in January, 1964 the Minister of Fisheries convened a conference which we were all very glad to see convened. Everybody had high hopes that there was going to be tremendous activity and a lot of things done for the fishermen. This heading appeared in the Winnipeg *Free Press*: "Fishermen To Get New Deal On Aid". Again, there was this heading in the Winnipeg *Tribune*: "Fishermen To Get Same Federal Aid As Farmers". However, a Mr. Kramer of Saskatchewan indicated he felt that if the fishermen were only going to get the same deal as the farmers they certainly would not be getting much. Nevertheless, fishermen are among our primary producers, and I personally feel it has been the tendency of most countries to forget the primary producer. It is certainly a fact that not much assistance has been provided to the fishing industry.

• (1:50 p.m.)

This communiqué, issued following the conference, was lengthy, consisting of 1,850 words. It says here that after the meeting

Mr. Smallwood was ecstatic about the conference results. He said there was agreement on all sides to the proposition that the fishing industry should be treated the same as agriculture, and called it a "Magna Carta" for the fishing industry. I would be amazed if Mr. Smallwood was not getting a little bit impatient at the inactivity of the present Government and the lack of action on the recommendations made at this most important conference.

In so far as Manitoba is concerned, Mines and Resources Minister Sterling Lyon has made several recommendations. The first is for an expanded program of biological research, specifically a fish culture and biological station for Grand Rapids, in view of the need to increase output. So far as I know, nothing has been done in this regard. Then he goes on, and I quote:

> Much greater effort and technological research, to meet the need for new product development and the development of new fishing gear and technology. A technological research station concerned with new product development was recommended for Winnipeg and an increased program of technological research was requested for both the large lakes and the smaller northern lakes.

I should like to ask the Minister of Fisheries to look into this proposal and at a later date advise me as to what has been done about it. Another proposal is as follows:

> Assistance for the University of Manitoba to establish a fisherman education program to fill the need for education and extension work. Additional aid was recommended for technical and vocational training for fishermen in three appropriate communities in the province.

I should like to know also whether any action has been taken on this proposal. The next recommendation was:

> Immediate establishment of a Federal-Provincial technical group to examine capital requirements in the industry which requires increased investment.

The last proposal related to the establishment of a fish marketing board. I take it from the results of the conference that this would require legislation by both Provincial and Federal Governments. I should like to know, however, whether any action has been taken on this proposal, and if so at what stage it is.

Before I conclude I should like to refer to one other item which relates to fishing, and that is the shipbuilding subsidy for fishing vessels which is available to fishermen in the Atlantic Provinces. I have no quarrel with this subsidy. I think it is very good; but if these fishermen are entitled to this type of assistance I believe the inland fishermen who fish on Lake Winnipeg and Lake Winnipegosis should be given the same consideration. This is a subsidy which is provided for boats of 35 feet or over in length. I believe it should apply to fishermen in Manitoba and elsewhere in Canada.

There is another matter I should like to mention under the heading of fishing, and that is the sales tax on equipment used by inland fishermen. I am referring to bombardiers, motor vehicles, power ice augers and diesel fuel used for generating electric power. These are items that are essential to the fishing industry, particularly in the area from which I come. An ice auger is used precisely for boring a hole in the ice. The fisherman puts his ice auger on the bombardier and drills a hole in the ice for fishing. It should not be difficult to understand that is its only purpose. I maintain there should be no sales tax on this item.

In conclusion, I hope the Government will give consideration to the suggestions I have made, and not only give consideration to them but will take action to implement some of them.

[*Translation*]

Mr. Carl Legault (Nipissing): Mr. Speaker, I wish to thank the hon. members for their encouragement.

The fact that I came here after a by-election held last June shows that the electors of the riding of Nipissing have confidence in this government under the able leadership of the right hon. Prime Minister.

This by-election was held as a result of the death of our friend, Hon. Jack Garland, who was liked by all members of parliament and by all his electors. Everyone could approach him because he was so sympathetic. His decisions were as fair as Solomon's. He was unassuming, but a man of action who always found a favourable and constructive solution to the problems which faced him.

For us in Nipissing Jack Garland had become a living legend. We have lost a close friend and a great Canadian.

Mr. Speaker, I should like to associate myself with the praise expressed to the movers of the address in reply to the speech from the throne, the hon. member for St. John's West (Mr. Cashin) and the hon. member for St. Maurice-Laflèche (Mr. Chrétien), who have shown by their speeches that they deserve the confidence of their constituents.

I also congratulate the hon. member for Westmorland (Mrs. Rideout) for the fine way

in which she made her maiden speech, last Wednesday.

[*Text*]

Mr. Speaker, the district of Nipissing, which I have the honour to represent, has a population of approximately 70,000, with close to 38,000 voters, and possesses the whole gamut of requisites for the ideal Garden of Eden sought by everyone. It is composed of 130 townships ranging in size from 36 square miles to 100 square miles, and because of its geographical position could be considered the hub for all future developments in Canada.

It is in this area that you will find a very important factor, the height of land distributing fresh water north to James Bay, east down the Ottawa River and south by the French River toward the Great Lakes. You can appreciate my interest in promoting an extended study of the Grand Canal system prepared by Mr. Tom Kierans of Sudbury, which would affect favourably the development of northern Ontario. It is practically a foregone conclusion that this solution to the serious problem of low water levels on the Great Lakes will come about within a few years. The urgent importance and need for fresh water have reached a proportion unsurpassed by any previous problem undertaken by Governments.

The interim report of the Mines, Forests and Natural Water Resources Committee includes a suggestion that an immediate survey be made of this great Grand Canal system potential. If we put off the solution of this acute problem until later we can only bring hardship to millions of people and serious financial loss to a vast industrial empire. I cannot emphasize strongly enough the importance of immediate action on this project. It would certainly contribute immensely to the development and economic stability of a large territory. You can well forecast the access this would give to great resources and the subsequent addition of secondary industries. This in itself would complete the circuit of water navigation from the Great Lakes to the Ottawa River and to Hudson Bay. It is in North Bay that you will find the centre of distribution for all means of transportation and communication which, as I have mentioned before, will prove to be the main artery to all Canadian points.

Nipissing is very colourful because within its boundaries are found developments for all interests. The northern part, famous for its tourist resource, possesses numerous mineral deposits which have lately aroused the interest of many firms because of the large content of iron and copper. We can boast of a granite quarry having a product of quality unsurpassed in North America. The operators of this development have started to produce curling stones, and it is good at this time to mention that they are better than those imported, and that they are the only manufacturers of this kind in North America.

• (2:00 p.m.)

You will find agricultural and dairy farming in the western and southeastern part of the riding. There are numerous lumber operations and sawmills which play a great part in the economy of the region. We have a manufacturer of explosives in DuPont of Canada Limited; manufacturers of wood by-products in the Abitibi Power and Paper Company Limited, Johns-Manville Company, Weyer-Houser Company Limited. Many sawmills are operated and their products exported to various parts of the world. The potential of the tourist trade will be developed in coming years to an extent undreamed of in the past. The numerous scenic lakes are slowly being discovered by thirsty vacation seekers. The visitors to the eastern end of the riding will find indescribable appreciation of the grandiose, majestic splendours surrounding Mattawa.

Widdifield Township at the moment is undergoing growing pains but is coping with the situation very well with the installation of the Bomarc base and the complex Sage installation which is the nerve centre for the air defence of all North America. You can well understand that because of its position, Nipissing is soon to experience an unheard of expansion.

When I say my riding is colourful it is because of the wonderful and varied ethnic groups of people who live in it and give it an atmosphere of warmth and friendliness never forgotten by all who visit us. It is composed of people of numerous racial origins such as Indians, Anglo-Saxons, French Italians, Germans, Greek, Chinese, Ukrainians, Poles and many others. It would be well to realize that this is a proving ground of bilingualism and biculturalism. In this great district you will find all commodities and services at your disposition. The opportunities are unlimited and the growth is being accomplished step by step in a very intelligent way.

I was very proud and privileged to have been nominated and elected to represent Nipissing in support of the present admin-

istration guided by our Prime Minister, a great man at the right time for the right job, who has steered the country during its most difficult years, the man knowing the secret of how to compromise in order to satisfy everyone but, as you have all realized, always achieving a definite goal that had been set. A great quality which he possesses is to delegate responsibilities to well chosen experts in their field. This Government has undertaken constructive measures well balanced to the true economic potentiality of this country and its citizens. This Government has taken positive action to bring about a more unified Canada. There has been a lot of criticism, but we all must accept the fact that the decisions taken were definite, constructive measures for this purpose.

A distinctive flag, a controversial issue for many years, unifies and identifies our great country and its people. The B and B Commission was the only practical movement made in order to study and suggest the proper solution to a problem which faces us, but which was too often brushed aside for fear of facing reality. It is bringing facts to the attention of everyone, which we have to accept and to which concrete, logical solutions will be brought about for a more unified country.

The Pension Plan passed at the last session is a social measure which in itself helps to cement this unity. We have all experienced numerous pieces of legislation which make our country the best democratic place to live in. All this has been under the powerful leadership of our right hon. Prime Minister. Evidence is in the united and complete support and great admiration for him from all members of the Liberal Party, and from many others. This is being accomplished under adverse conditions and the difficulty of fighting off distorted interpretations of various reports detrimental to favourable solutions, coupled with the uneasiness and impractical position of a minority Government. It is the first time in Canadian history that a minority Government has been able to survive for more than a few months and yet accomplish so much.

The Government is sometimes accused of being accident-prone, by innuendo, but certainly not of being a Government of do nothing and be nothing. All Canadians appreciate and support social measures which have as their purpose to give security to needy and elderly people, but we must beware of extremists who would bring about socialism. We must leave the citizens of this country free, so that by their incentive, desire for improvement and reward, all shall obtain a better standard of living. The new legislation in the Throne Speech will do much for all the people of Canada.

I would like to bring to your attention the difficult preparation of the comprehensive medicare plan which must bring satisfaction to everyone. We do want to obtain the required protection and attention for needy and elderly people, but still respect the liberty of action, choice and decision of all parties affected by this legislation. The policies and ideals of this Government respecting proper administration call for co-ordination and recognition of the rights of various jurisdictions.

The federal-provincial co-operative way of administering such a vast country is the only logical action to take. It is to be regretted that we as a people have somewhat failed to keep pace mentally with the accelerated technical developments which have taken place. We have to realize such facts as that within the next few years, two hours and fifteen minutes is all that will be required to cross the Atlantic. Immediate transcription is obtained of all activities throughout the world, yet we seem to be immunized against the miseries that exist in most parts of this world. Water always finds a way to adjust to its own level. Racial, economical and social problems throughout this world can within a few hours be our own, whether we like it or not.

[*Translation*]

Mr. Speaker, the program undertaken for the educational, cultural, social and economic development of our Indians, as set forth during the last session, is one that, within the next 10 years, should bring out the great potential of that capable and very intelligent race.

We often show too much impatience for the solutions of problems concerning bilingualism and biculturalism. The steps taken have already brought about an obvious improvement, but it will take at least two generations before results really satisfactory for all Canadians can be achieved.

I think that the setting up of a company of young Canadians will fulfil two functions. One is the work and the good that those young citizens will do; the other is the education and the practical knowledge that they will get from those experiences.

The revision of the regulations concerning the administration of the Immigration Act will bring about an improvement to the situation that we know today.

A study to reform parliamentary procedure should be welcome by all hon. members. All social measures proposed will certainly, with the years, fill many gaps, simplify and cut the number of welfare pension plans in existence today. That will entail the rationalization of several measures which are now impracticable. It is with such an approach that Canada will improve and continue to be a country that is envied the world over.

A suggestion I should like to make to the house at this time would be to provide money to tourist camp operators as it is done at the present time in the case of farmers through farm credit.

[*Text*]

The area development program is very welcome, and will bring encouragement to temporarily depressed areas. This, Mr. Speaker, should prove to be a very aggressive and interesting session.

• (2:10 p.m.)

[*Translation*]

Hon. Théogène Ricard (St. Hyacinthe-Bagot): Mr. Speaker, I would also like to pay tribute to the hon. member for St. John's West (Mr. Cashin) and the hon. member for St. Maurice-Laflèche (Mr. Chrétien) for the gracefulness and the efficiency with which they discharged their task in moving and seconding the address in reply to the speech from the throne.

There are many subjects with which I would like to deal, but I will abstain and will merely mention them casually.

One could make a complete speech on the absence of the measures the government should take to stop the ever-increasing rise in the cost of living. At present the cost of living has reached an all-time high in the country, that is 137.3 per cent. In my opinion those who are responsible for this situation are the hon. members now sitting on the treasury benches. It is their responsibility to take the necessary steps so that the income of the average worker, of the factory worker is no longer taxed so heavily because of the excessive cost of living. A moment of thought is enough to notice that the cost of living has risen alarmingly by 2.7 per cent during a single year. This should be enough to urge all the people of good will to do something to correct this situation.

[Mr. Legault.]

Of course, there is the 11 per cent tax created by our hon. friends opposite which has surely contributed to a great extent to increase the cost of living. The numerous representations which we made to the Minister of Finance (Mr. Gordon) urging him to repeal this tax have been unsuccessful so far.

Once again, appealing to his generosity, I ask him to remove this 11 per cent tax which is surely responsible to a great extent for this increase in the cost of living.

I could say a great deal also about the means to check unemployment. We had been promised full employment during the last two election campaigns, and I am sorry to tell the house that my province still has the largest group of unemployed in Canada. I understand that unemployed in the province of Quebec represent 39 per cent of all unemployed in Canada. However, this did not seem to upset too much the Minister of Labour (Mr. MacEachen) to whom we have asked, and are asking again, what he intends to do in order to provide some assistance, especially to the unemployed of the province of Quebec and of the Maritime provinces. To each of our questions, he always gave the same answer: You will get a reply to your questions in due course. We have been hearing that for two years and the speech from the throne does not contain any measure that will increase the number of jobs in Canada.

I would also like to point out that thanks to the opposition's pressures and suggestions, the Minister of Agriculture (Mr. Hays) finally agreed to meet our requests to a limited extent. For more than two years, we have been urging the Liberal government, more particularly the Minister of Agriculture, to set up a price of approximately $3.50 per hundredweight for manufactured milk. Well, some time ago, the Minister of Agriculture announced to the house a dairy policy based on the one his predecessor had set up a few years previously.

However, as he himself acknowledged, he took that decision only after having caused the farmers to lose about $11 million that they would have got if the dairy policy put forward while we were in office had been maintained. No wonder farmers feel insecure. In fact, all of them are peeved with the Minister of Agriculture at present.

Mr. Speaker, my next remarks will concern mainly the Canadian textile industry, and they are made in the best interests of my constituents.

Of all our industries, that of textile is one of the oldest ones in this country. Throughout the years, it has provided stable and profitable employment. It is imperative to give that industry, which is one of our basic industries, all the protection it needs. It is found mostly in small and medium sized cities where it enables most of the inhabitants to earn a living.

• (2:20 p.m.)

Mr. Speaker, if one keeps in mind the fact that last year the synthetic textile industry gave work to about 20,600 workers, one realizes its importance. Those 20,600 workers are integrated into the parish and community life of our cities. They are citizens who pay taxes. We ought to give them the protection to which they are entitled.

In 1964, in the field of synthetic textile, this industry spent about $7.7 million for new buildings, while almost $40 million was spent on machinery. This means that this industry deserves the attention of the government and of the members of this house.

There is a danger that this industry may be seriously affected in the coming months, unless beneficial and drastic measures are taken immediately.

When one remembers that in 1950, the Canadian industry supplied 77 per cent of the local market, while it supplied only 60 per cent in 1963, one realizes that foreign manufacturers are progressively taking over our domestic market, year after year, to the great detriment of the Canadian worker.

In 1964, imports from Japan amounted to $44.7 million, that is 37.9 per cent more than in 1963.

When the Japanese industry started to compete with the Canadian textile industry immediately after the war, its products left a lot to be desired and they were quite inferior in quality to the products made in Canada. But today, conditions have changed and if the Japanese products are not of a superior quality they are at least equal in quality to the products made in Canada.

As a result of the improvement of its machinery, the Japanese textile industry has now exceeded the needs of the Japanese market. In fact, according to the information provided by a Canadian businessman, the Japanese synthetic textile industry is determined to invade at all costs the Canadian market.

According to statistics I have obtained from various sources, we have practically succeeded, up to now, in keeping in check imports from the United States. On the other hand, imports from Japan increased from 6.1 per cent in 1959 to 22.6 per cent in 1964. And, according to the information I have obtained from that same Canadian industrialist, imports from Japan during the first few months of this year well exceeded those of 1964. There is therefore reason for alarm, and it is the government's responsibility to take whatever action is necessary to restrain such imports which can only be detrimental to our workers.

Last week, I met the president of a synthetic textiles company and as I remarked that his staff appeared to be quite busy, he said: Yes, we are quite busy this year, but unless some action is taken I fear we may not be so busy next year, for if Japanese imports continue to invade our market at this rate, several of our employees will be forced, I am sorry to say, to find employment elsewhere.

Mr. Speaker, the textile industry is, as everybody knows, of prime importance to the riding I represent. The remarks of the president of that company made me think of the employees of Consolidated Textile Limited, operating a very important spinning-mill in my constituency, as well as those of the Yamaska Shirt Company who will also be affected if shirts, blouses, trousers and shorts continue to be imported at the rate they are now.

Last year, for instance, the management of Consolidated Textile Limited spent a great deal of money on machinery improvement, and it would be most unfortunate if, because of this government's inaction, many of my compatriots were obliged, next year, to find some other kind of employment while they have devoted so many years to this particular work.

Mr. Speaker, let us keep in mind that, like Cornwall, St. Hyacinthe has the best employees in the Canadian textile industry.

I have here a brief submitted to the tariff board by the Canadian Textile Institute. A look at the tables it contains will give an idea of the real danger which the Canadian textile industry is facing at the present time.

At this stage I might be allowed to quote a few figures. A table entitled:

Imports of synthetic textiles from Japan (in thousand square yards)

shows that Japanese imports increased from 119 square yards or .3 per cent of the Canadian market in 1954 to 14,853 square yards or 20.2 per cent in 1963. This situation would not be too alarming if our local market could be expanded only up to a certain point.

The natural increase in our population can absorb a greater production of synthetic textiles, but our industry already produces a great deal as a result of an improved labour force and modernized machinery.

• (2:30 p.m.)

What is alarming is that, while imports amounted to .3 per cent in 1954, they are now 20.2 per cent and this is in one area only.

For instance, imports of Japanese rayon spun textiles increased from 17,000 square yards to 85,000,000 square yards in 1963, which means that such imports now supply 15.7 per cent of the Canadian market, as compared to 4.6 per cent in 1959.

Another table shows that in 1959 imports of Japanese textiles (rayon spun goods) totalled 102,000 square yards, while in 1963, Japanese manufacturers exported to Canada 7,565,000 square yards. Therefore, imports increased from 1.9 per cent in 1959 to 10.6 per cent in 1963.

Mr. Speaker, to prove beyond the shadow of a doubt that the Japanese industry, especially in the field of synthetic textiles, is constantly invading our home market, I feel it is my duty to raise my voice and remind the government of its obligations. I am not against Canada trading with other countries, far from it. To a certain extent, we have to depend on foreign markets for our own products, but it seems to me we would behave like an ostrich if we were to bury our heads in the sand to avoid seeing the danger that is threatening our workers at the present time.

It is all very well, as I said, to have trade relations with foreign countries, but our first obligation is to our fellow Canadians. It was in order to remind the Minister of this thing that I decided today to speak for a few minutes on this subject.

My hon. friend from Stanstead (Mr. Forest) recognized last week the importance of this textile industry for his constituency. I associate myself with him and with my hon. friend from Quebec-Montmorency (Mr. Marcoux), in requesting the government to give immediate attention to this problem. Let us not wait until it is too late; let us take right now the necessary steps.

During a discussion with the president of one of the most important textile manufacturing companies in the province, I realized there is presently great apprehension and people stand in fear of the future in the event steps are not taken immediately to correct this situation.

I trust that other members, representing constituencies where there are textile industries, will support my representations and will ask that voluntary quotas be applied on all imports from Japan.

I reviewed some articles which appeared in the Japanese press, and I found out that for the year 1964 only, compared with 1963, Japanese production of nylon goods increased 48.8 per cent, of polyester goods 37.5 per cent, and of acrylic textile goods, 71.1 per cent.

Mr. Speaker, if we consider, as I was saying a few minutes ago, that the production of the Japanese industry now exceeds the needs of the Japanese market and that they are determined to drop goods on the Canadian market, we must conclude that we have to protect ourselves against this danger.

I wish to say that I endorse the proposal made by CATMA in its brief to the department a few weeks ago. To that end, Japanese exports should be subject to quotas of not more than two million square yards for synthetic fabric, four million square yards for rayon thread and not more than six million square yards for rayon fabric.

Unless we take the necessary steps to establish such quotas, our textile industry and especially that of synthetic textiles, will end up in the doldrums and possibly vanish before too many years.

Mr. Speaker, in concluding, I call upon hon. members to co-operate so that Canadian workers will not have to suffer from the encouragement given imports of products manufactured by others than Canadian taxpayers.

[*Text*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, it is my intention to devote the major portion of my remarks on this occasion to the paragraph in the Speech from the Throne which refers to the need to improve the procedures of Parliament.

Before I do so I should like to take just a moment or two to make reference to some other items in the Speech from the Throne that hold particular interest for me and for all of us in the New Democratic Party. I refer to those measures which suggest that further steps are to be taken in the field of social welfare and that there is to be launched a war on poverty. We heartily welcome these words, and we earnestly hope that during the course

of this session they will be translated into actual statutes. It is our fear that in many instances only words have been given to us, but we shall press for action.

• (2:40 p.m.)

It is my notion from studying the Speech from the Throne that perhaps the item that is closest to being ready to present to us is what is referred to as the Canada Assistance Plan. We do not have much detail about this piece of legislation yet, but I gather it is to be a form of legislation that will in time take the place of the Old Age Assistance Act, the Blind Persons Act, the Disabled Persons Act and unemployment assistance, and that it will provide certain other benefits as well. We believe it is a good move to replace these categorical programs with an over-all program based on need rather than on the means that a person may have. We earnestly hope this session will not be prorogued until the Canada Assistance Plan is on our statute books.

It has been said in editorials in a number of newspapers since the Speech from the Throne was delivered that the Government would appear to have been raiding the cupboard of the New Democratic Party. This is a form of raiding that we do not mind.

Mr. Winkler: The new socialists.

Mr. Knowles: We only hope that when the Government takes things out of our cupboard it will really put them on the statute books and not just hide them away somewhere. May I remind the Government and may I remind the writers of newspaper editorials that there are still a good many items in our cupboard. Let me name two or three of them. It is still our belief that the pension legislation that we developed in the last session, good as it is, would be a lot better if the flat rate benefit under old age security was raised to $100 a month.

Mr. Winkler: Hear, hear.

Mr. Knowles: We suggest that when the Government is raiding our cupboard it take that one and put it on the statute books, and that it make the full pension available at age 65 right away.

We also feel, despite the explanations given by the Prime Minister, that the Government is still moving too slowly with respect to medicare. We want to see not just federal-provincial conferences, not just talk; we want to see action in this important field. When there is talk about a war on poverty, let it be remembered we will not be rid of poverty until we are rid of all the slums in this country, until our people are well housed whether they live in the cities or in the rural areas. We will not be free of poverty until even in a country where education is a provincial matter we have found a way to make our nation's resources available so that for all our people education can be brought to a much higher level than is the case at the present time.

There is one other immediate item in our New Democratic Party cupboard which we wish the Government would take and put on the statute books. I refer to the need to provide for the maintenance of income when the breadwinner is off work because of illness. This is one of the most serious gaps in our social legislation. We moved a bit in that direction a few years ago when we provided that if a person has collected one benefit under unemployment insurance and then becomes ill he may continue to receive his benefits. But it is still the case that if a person is out of work basically because of illness there is no benefit for him. This, as I say, is a most glaring gap in the social legislation of this country, and we urge the Government to act on this matter at an early date.

In other words, Mr. Speaker, there are still many items in our cupboard which we hope the Government will take and act upon at this session, and I urge in particular that this session not be prorogued until we have at least got the Canada Assistance Plan on the statute books.

I said I wanted to talk mainly about the procedures of Parliament. There is a paragraph in the Speech from the Throne the opening sentence of which reads as follows:

> My ministers believe that it is imperative to reform the procedures of the House of Commons in order that it may accomplish the large volume of work required to meet the needs of the Canadian people in modern times.

We may find ourselves in some disagreement with the Government, Mr. Speaker, when it comes to ways and means of implementing that sentiment, but we could not agree with it more than we do. When it comes to improving the procedures of Parliament there are, of course, many items to be studied. There are many rules that need to be modernized, and even after we have looked at all the rules and made them the best they can be made, that is not everything. There is still room for reforming ourselves

and for introducing those measures of self-discipline that will enable us to make this Parliament the place the people of Canada believe it is, the place they think it ought to be.

But I want to say that in terms of procedure, in terms of our rules, I think the most important problem that faces us—and it is alluded to in the sentence in the Speech from the Throne which I just read—is the problem of time. This is an age in which there have been all kinds of explosions that we hear about and read about. In Parliament in recent years we have had an explosion in the amount of business with which we have to deal, and unless we find some way to apportion, to allocate, to plan the use of our Parliamentary year we are going to find ourselves failing as a Parliament to serve the needs of the Canadian people.

Years ago when Parliament first met the year had 12 months and Parliament needed only a few of them to get the business done. Even this Government has not found it possible to provide more than 12 months in the year, and the last Government was not able to do so either. But we now seem to have enough business every year to take 15 or 20 months, and I suggest that poses a very direct problem and that we have to do something about planning and allocating the use of our time.

Lest it be thought that those of us who make statements like this are just generalizing, may I put one or two bits of statistics on the record. It is one of my hobbies not to read detective stories but to read Parliamentary documents. I hear some of my colleagues questioning my choice of reading matter but at any rate, Mr. Speaker, I find it a very interesting hobby. I find that back in the first two or three decades of the Parliament of Canada the sessions lasted two, two and a half or three months. Indeed there was not a single session prior to the turn of the century that reached a duration of four months. Even in World War I, when Canada grew up and became a nation amongst the nations of the world and dealt with terrific problems, the sessions lasted from four to four and a half months and no longer.

There was one session prior to World War I, the session of 1912-13, which is still referred to by oldtimers. I hope Senator Grattan O'Leary will not mind if I include him in that category because he has referred to it as a session that lasted almost as long as the last session of this House. But even that session, which had the naval aid bill to deal with, which had the introduction of closure and the terrific battle it provoked, lasted from start to finish only six and a half months, and during that period of six and a half months there were two recesses.

• (2:50 p.m.)

Some of us in this chamber today were here during the sessions of World War II. We recall that during World War II Parliament was kept in session on a year round basis; from start to finish was a full calendar year. However, the actual number of weeks that we were in session was such that the sessions did not extend over six or six and a half months.

The facts are clear, Mr. Speaker. Down to the end of World War II, time was not a problem. The rules, I suggest, were made back in the days 100 or 200 years ago when time was not an issue, so arrangements were not necessary to plan the use of time. After all, if the nation's business at the federal level could be done in two and a half or three months, it was an avocation for those who came here, it was a prestigious position to be a Member, and the going was fairly easy. There needed to be no time limit on speeches; there needed to be no set adjournment time. Members just got things done in their own sweet way.

However, Mr. Speaker, all that has now changed. Today if we are going to deal with the tremendous amount of business that faces us we have to cope with the problem of time. In those early days Parliament dealt with such things as postal services, customs, railways and canals, but not many more things. Today everything that affects our people from the cradle to the grave, at home and abroad or in outer space, is the concern of Parliament. At each and every session the new events of the complicated life of the twentieth century impinge upon our jobs as Members of Parliament. It is this explosion in the amount of business that we have to do, the mounting accumulation of work that is ours, that faces us with the necessity of taking a look at the way we use our time.

There are some who would cut the Gordian knot by simply imposing rigid time limits and settling it in that way. I think it has to be faced that unless as a Parliament, unless as Members in all parties, we think about this and come to some kind of reasonable agreement, one of these days some Government with a majority is going to do that and do damage to Parliament in the process.

Those who would do it in that way, who would fix rigid time limits for everything, seem to take the position that the only job we have is to reach decisions, to vote, to pass the laws that are placed before us.

However, I suggest that our job in Parliament is twofold. It is, on the one hand, the making of decisions, the voting; but it is also, to put it plainly, to talk. The very word Parliament describes this institution as what it is and implies that the whole democratic process involves the taking of decisions after there has been a full and free discussion. Those are our two jobs; to talk, to discuss, to review matters thoroughly on the one hand, and to take votes, to reach decisions, on the other. The whole problem, the whole history of Parliamentary procedure, has been an attempt to find a balance between these two roles. Without free speech, without a guarantee that nothing will be done in undue haste, in fact without the right to look at a proposition in general and in detail, to do this a second and a third time, it would not be Parliament.

It is equally true that if the rules permit an endless expression of views to the point of preventing decisions from being taken, if so much time is spent on one or two matters that others do not get reached, then that too is not Parliament. Our undoubted responsibility is to protect the right of free speech in Parliament, but it is also our responsibility so to arrange our business, which is the public's business, that we deal with all of it each year.

Now, Mr. Speaker, when anyone talks about planning the Parliamentary year, about allocating time for debates, about making arrangements so that we move from one subject to another and get things done, there are those who say this is a denial of free speech. There are those who shout that awful word "closure". I want to make it clear, Mr. Speaker, that no one in this House dislikes the closure rule that we now have on our books more than I do. I think it was conceived in sin and shapen in iniquity. It was brought in in the middle of a contentious debate and then applied to the debate that was already in process. Most of the times when it is applied this is done because the rules as they exist at the start of the debate fail to fit the situation. I do not believe the closure rule we have now works any better than would be the case if the referee in a football game tried to change the rules in the middle of the third quarter.

As one who is against closure—indeed I voted against its use during the flag debate in the last session for the reasons I have just given, and for the reason that I think every time we use the present closure rule we put off the day when we will find a better way of coping with the problem of time—the point I want to make is this, that I think the deadliest form of closure we have in this Parliament is not the closure rule; is not the rule that says this Throne Speech debate shall last only eight days, the budget debate six days; is not the rule that prohibits Members from speaking more than a certain number of minutes. I think the deadliest form of closure is the practice of carrying some debates over so many days, so many weeks or so many months that we never get to the other important issues with which Parliament should be dealing.

I have criticized the Liberals over the years for their dilatory manner in bringing in the things they promised in 1919. I am still at it, still trying to get them to get along. However, even though a great deal of the fault lies in the fact that that is the Liberal way, it is true also that when you spend week after week on a flag debate, when you spend week after week on a pension plan that has been thoroughly gone into in a committee, you do not leave time to get at medicare, you do not leave time to get at the problems of Federal-Provincial relations and all the other tremendous problems now facing the people of Canada which should receive the attention of this Parliament. You cannot go on having a 14-month session every 12 months. What is serious about this is that in these 14-month sessions you have to spend so much time on a few subjects you do not get at the others. So, Mr. Speaker, as an opponent of closure—I mean the closure rule that is now on the books—I am equally opposed to the way in which Parliament has been spending so much time on some subjects that it has foreclosed the possibility of getting at some of the serious problems that face us in this House of Commons.

I say therefore that we should stop trying to deal with this question by using the word "closure", by saying it is a denial of free speech to plan our debates. It is no more a denial of free speech to say a certain debate shall last only a certain length of time than it is for you to say to me, Mr. Speaker, that I have only 30 minutes in this debate. If I try to go over 30 minutes, you will stop me. Is that closure against me? No; you are trying to

protect the rights of other Members to speak as well. When we get to the point of planning important debates and reaching decisions after a time limit that has been agreed to, we will not be imposing closure, we will be protecting Parliament's right to get at other matters as well.

We had a suggestion today in a question by the hon. Member for Queens to the Minister of Mines and Technical Surveys of how the problems with which we have to deal in Parliament may multiply manyfold. We have problems now in dealing with Federal-Provincial relations, with social welfare, international relations, trade, and carrying on the war on poverty at home and abroad. If we have made contact with a civilization out in outer space, then we may need another secretary of state for external affairs more diplomatic than the one we have now. Our problems will multiply tremendously. When are we going to get time to deal with these problems if we do not plan and organize the use of the time we have? The hon. Member for Peace River suggests that there may need to be an ambassador to outer space.

• (3:00 p.m.)

Mr. Douglas: We have got a list ready.

Mr. Knowles: Apparently there are more people being nominated for these posts than are willing to volunteer for them.

I would like to make the point that if we are going to go in for planning our Parliamentary year, for allocating the time that we use, we have to arrive at a means of doing it by agreement. This is where I am still asking questions about the Government's proposal. I read the opening sentence in the paragraph about this matter in the Speech from the Throne, and I agree with it 100 per cent. But the rest of that paragraph tells us the Government is going to bring proposals before Parliament in the field of procedure.

It is pretty hard to be critical of the Government at this point for doing this, because of the fact that we have moved pretty slowly in the matter of reforming the rules of the House; but we did make some progress last session, as a matter of fact a fair amount of progress. I do urge very strongly upon the Government, however, that it do not effect rule changes by having them brought in by the Government and passed directly on the basis of such majority as it can command. I know the Government will say it is in a minority position, but it does seem to find support somewhere, sometimes by absenteeism, and it does seem to be able to put its will across. I suggest that rule changes imposed in that way will not work as well as rule changes arrived at by agreement among all parties in the House, and I suggest that if the Government has some proposals to lay before us it should keep this in mind.

[Mr. Knowles.]

I suggest there are some things that were agreed upon by the Special Committee on Procedure and Organization in the last session which did not get through the house, but which had the support of all the parties represented on that Committee, and the Government would be justified in finding a way to bring those measures before Parliament and give it a chance to vote on them one way or the other.

But if the Government has other proposals, for example something in the field of allocation of time, a rule that a subcommittee of mine worked out in the last session, its best course would be to present those proposals to the House and then have the House refer them to an all-party committee. It may take a little longer and I would not blame the Prime Minister for feeling a little impatient at the time it would take, but an agreement arrived at in that way will certainly work much better than something that bears the mark of having been imposed by the government of the day.

In entering this word of caution I am simply asking the Government to see to it that changing the rules is a job done by Parliament, not by the Government. Members of the Government found last session that in getting a flag through the House it became easier to do it when it was a parliamentary choice instead of a Government choice, and the same thing should apply to procedure. But even though I am entering this note of caution I am also urging the Government to find a way to get the House working on this matter.

We cannot go on year after year doing nothing about this problem of planning and allocating the use of our time, and I think we should get at it very early in this session. A good deal has been said about the many measures mentioned in the Speech from the Throne. Members of the House and newspapers are saying we will be here for another 14-month session, and we will be if we deal with all the measures contained in the Throne Speech as we ought to; but we are going to waste a lot of time if we do not cope with this main problem of time itself.

Therefore I urge the Prime Minister to bring whatever proposals the Government has in this field before the House. In so far as those proposals are ones that were already worked out last session by the Special Committee, I suggest it would be appropriate to ask the House to vote on them more or less right away. With respect to any other proposals I suggest they be referred immediately to another Special Committee on Procedure and Organization. Further, I suggest that Committee should work even harder than the Committee of last session, and having been a member of that last Committee I can say it worked very hard.

We should go into this matter with the clearcut realization that the people of Canada expect us to act on this important problem at this session of Parliament. To me, Mr. Speaker, a great deal is at stake, so far as democracy is concerned, in the image that Parliament has in the eyes of our people. We are being criticized, and I do not think there is anything wrong about the criticism we are subjected to in the press, over the radio and television. In fact, I think it is good for us. It would be tragic if the Canadian people were not paying any attention to us. It is good that they are discussing Parliament and, if you test Parliament by the amount of discussion about it, then this one stands up pretty well because we are certainly getting a lot of discussion. However, it is not good enough for us to bristle because we are being criticized. It not good enough for us to defend ourselves against the criticism. Our main response to it should be an attempt to improve things in Parliament itself.

As I have said, there are many rules, many details that can be looked at, and we must get at them. I have already said there is room for reforming ourselves, for improving our own self-discipline, but I think the most important problem is the use that we make of the Parliamentary year. The year still has only 12 months and I think it would be useful if some portion of those 12 months could be spent by Members in their constituencies. However, the main problem we have to cope with is finding how to allocate and use our time. I urge that it be on a planned basis. I urge it be on a basis of agreement. I think it can be worked out.

They have rules that cover this in other jurisdictions. We have worked out some things here, and I think if we feel the importance of this and have a bit of leadership from the Government on it, while at the same time it is recognized that it is a parliamentary task, then we can do something about it.

I do not think the last rule of procedure will ever be written. Procedure in a free parliament is in fact living and dynamic. We will have to make other changes in the future to meet other needs that arise, but at this point in our history I believe what we need most are rules that will provide for agreement in advance on the allocation of time, so that in a common sense way we can get a year's business done inside a year, preferably with some time to spare so that Members can mingle a bit more with their constituents.

I have already made it clear that I do not propose a rigid time limit on everything. I do not propose rules that can be invoked without agreement among the various parties in the House. One must preserve the right to oppose to the ultimate when the Opposition feels that the Government is dead wrong, as the Liberals felt about the naval aid bill in 1913, and as most of us in the opposition felt about the pipe line bill in 1956. You do not have to worry about Parliament when extreme measures are introduced. Parliament will always rise in its own defence when the times demand it. Our problem is with the great and growing mass of routine business, and I believe if we are to achieve a balance between full discussion and getting things done, between latitude in debate and getting decisions made, we will have to plan our discussion time. This way, in my view, lies real freedom, freedom to discuss not just one issue but all the issues that present themselves to us, freedom not only to discuss but freedom to vote and to make decisions. This way, in my view, Parliament will survive.

HOUSE OF COMMONS

STATUS OF GOVERNMENT ORDER RESPECTING PRAIRIE FARM ASSISTANCE COMMISSION

Mr. Speaker: Would the hon. Member for Antigonish-Guysborough (Mr. Stewart) allow me to make a ruling before he speaks? The matter was raised this morning, and this being the last day before the recess, with the consent of the House I would like to finish this matter now, if I could. Do I have the consent of the House?

Some hon. Members: Agreed.

Mr. Speaker: The hon. Member for Swift Current-Maple Creek (Mr. McIntosh) rose this morning on a point of order when there was really nothing before the House. After listening to his long argument I stated I

would examine the matter and try to bring in a just decision this afternoon. I have since that time read the transcript and it appears to me that his objection is to item No. 9 which appears on today's Order Paper and which reads as follows:

> That the recommendations contained in the report of the Prairie Farm Assistance Administration Commission of Enquiry, tabled on July 29, 1964, including the following two questions:
>
> 1. Whether the permanent staff of the P.F.A.A. should be brought under the Civil Service Commission, and
>
> 2. Whether there should be other changes in the operation of the P.F.A.A.,
>
> be referred to the Standing Committee on Agriculture and Colonization for such recommendations as it deems advisable.

• (3:10 p.m.)

I do not see that I have to go beyond the text of the resolution, which simply asks the Committee on Agriculture and Colonization, following the report of a Commission of Inquiry, to study that report including two questions, and make such recommendations as it deemed advisable. This is all, I respectfully submit, that is before the Chair, and on the face of it the resolution appears to be perfectly in order.

The hon. Member, however, suggests that I should go behind the resolution and he argues that the Government Order is a nullity and should be struck off the Order Paper. He also said that the Commission is not a judicial inquiry but that it is a Crown court without any appeal.

Points of order, according to citation 70 of Beauchesne are:

> —questions raised with the view of calling attention to any departure from the Standing Orders of the customary modes of proceeding in debate, or in the conduct of legislative business—

I can see here no departure from the Standing Orders but rather a request that the Speaker decide what is purely a question of law and entirely outside his jurisdiction in relation to the powers of a commission of inquiry.

Citation 71(5) of Beauchesne states explicitly that:

> The Speaker will not give a decision upon a constitutional question nor decide a question of law, though the same may be raised on a point of order or privilege.

This is exactly what happened. The hon. Member rose on a point of order and submitted to me what I consider to be a question of law, that is, whether the recommendations of the Commission of Inquiry are in excess of the powers and authorities granted to the Commissioner by the Governor in Council.

[Mr. Speaker.]

He wants me to declare those recommendations to be a breach of the Order in Council tabled in the House of Commons and affixed to the report. He wants me further to declare those recommendations are null and void and of no force and effect.

If I were to decide this matter, I certainly would be going beyond the jurisdiction granted me by law and by the Standing Orders of this House. I would refer the House to an opinion of Mr. Deputy Speaker on October 25, 1963, with which I concur. In that case, the hon. member for Rosedale (Mr. Macdonald) had argued that a Bill should not be considered, that it was out of order because it was ultra vires the Parliament of Canada. The Deputy Speaker ruled, as reported at page 4036 for October 25, 1963 that:

> —it should not be the responsibility of the Chair to rule whether a particular piece of legislation...is or is not within the competence of this House.

He then referred hon. Members to Standing Order 12 which limits and defines the duties and responsibilities of the Speaker, that is, to deciding on questions of order, not questions of law. The Deputy Speaker then quoted from page 825 of Beauchesne, third edition, which refers to a ruling of Hon. Lewis Wallbridge, Speaker, made on June 25, 1864, where he, the Speaker, stated:

> That according to the usages of the British Parliament he was not bound to decide on a question of law.

Following that decision, I would also like to refer to citation 71(5) of Beauchesne, fourth edition, at page 61:

> The Speaker will not give a decision upon a constitutional question nor decide a question of law, though the same may be raised on a point of order or privilege.

Now, I am of the opinion that it is not the duty of the Speaker to examine the powers of an outside Commission and to sit on appeal of the Commission's decision in its report to make certain recommendations. This is a question of argument touching on the very heart of the matter to be discussed in the Committee. It has no real connection with the motion itself, which is in order according to precedent, which may or may not be called like all other Government Orders.

For the above reasons, and in view of the citations to which I have referred, I am, as I have already stated, unable to agree with the point of order raised by the hon. Member, and I must rule that the hon. Member's proposition is not receivable in any case

because it asks the Speaker to decide a question of law and not a question of order or of procedure.

Mr. McIntosh: Mr. Speaker, with regard to your decision I have three legal opinions as to what—

Mr. Speaker: Order. If the hon. Member is disputing the decision of the Chair he has certain procedures he can follow; but I would be quite surprised if he is. The hon. Member for Antigonish-Guysborough (Mr. Stewart).

Mr. McIntosh: Mr. Speaker, on a question of privilege may I say a few words with regard to your ruling?

Mr. Speaker: Order. The hon. Member is out of order in attempting to raise these questions at the present time. The Chair is here to decide these matters. There are other ways of appealing decisions; but to enter into a dispute after the Chair has laboured —hopefully—to try to arrive at a proper decision is to enter into argument with the Chair, a procedure which is quite contrary to custom and to Standing Order.

Mr. McIntosh: With all deference to you, Mr. Speaker, I was not trying to enter into an argument, but I was surprised when you brought forward your opinion at this period of the debate on the Address in Reply to the Speech from the Throne. I had no idea you would give it at this time.

Mr. Speaker: Well, that is argument in an indirect fashion. In view of the fact that the House is closing at ten tonight, when would the hon. Member suggest that the Speaker bring in his opinion? It was agreed this morning that the Speaker would bring it in as soon as possible, and that has been done.

Mr. McIntosh: Then may I have the privilege of replying as soon as possible?

Mr. Speaker: There is no reply under our rules. The Speaker is not a lawyer in court; he is in fact the judge, and my decision has been rendered. If every Member were to dispute everything the Chair says we would have chaos in this House.

Mr. McIntosh: Then you leave me no alternative but to challenge your ruling. I appeal your ruling, Mr. Speaker.

Mr. Speaker: The House has heard the decision of the Chair from which the hon. Member for Swift Current-Maple Creek has

Division

appealed to the House. All those in favour of sustaining the Speaker's decision will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

Mr. McIntosh: Mr. Speaker, I think five Members rose; would you call a vote?

Mr. Speaker: This is not an easy day; I can say that with some feeling. However, in order to be scrupulously fair, those in favour of sustaining the decision of the Chair will please say yea.

Some hon. Members: Yea.

Mr. Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

• (3:20 p.m.)

YEAS

Messrs:

Addison	Dubé
Armstrong	Ethier
Asselin (Notre Dame de Grâce)	Eudes
Badanai	Fisher
Basford	Forest
Batten	Francis
Beaulé	Gauthier
Béchard	Gelber
Beer	Godin
Bélanger	Granger
Benidickson	Gray
Blouin	Grégoire
Boulanger	Guay
Boutin	Habel
Brewin	Hahn
Brown	Haidasz
Cadieux (Terrebonne)	Hays
Cameron (High Park)	Hellyer
Cantin	Herridge
Cardin	Honey
Caron	Klein
Carter	Knowles
Chapdelaine	Konantz, Mrs.
Chrétien	LaMarsh, Miss
Côté (Chicoutimi)	Lamontagne
Côté (Longueuil)	Lamoureux
Cowan	Langlois
Crossman	Laniel
Cyr	Laverdière
Davis	Leblanc
Deachman	Leboe
Dionne	Leduc
Douglas	Legault
	Lessard (Lake St. John)

Division

Lessard (St. Henry)	Pickersgill
Lloyd	Pilon
MacEachen	Plourde
Mackasey	Prittie
MacNaught	Prud'homme
McIlraith	Regan
McMillan	Richard
McNulty	Rideout, Mrs.
McWilliam	Rinfret
Marcoux	Robichaud
Martin (Essex East)	Rochon
Martin (Timmins)	Rock
Mather	Roxburgh
Matheson	Ryan
Matte	Saltsman
Mitchell	Scott
Moreau	Stewart
Mullally	Tardif
Munro	Temple
Nicholson	Thompson
Nixon	Tucker
Olson	Turner
Otto	Wahn
Patterson	Walker
Pearson	Watson (Châteauguay-Huntingdon-Laprairie)
Pepin	Whelan
Perron	Winch—122.
Peters	

NAYS

Messrs:

Alkenbrack	McIntosh
Bigg	Madill
Cadieu (Meadow Lake)	Mandziuk
Chatterton	Moore
Churchill	Muir (Cape Breton North and Victoria)
Crouse	Muir (Lisgar)
Dinsdale	Nasserden
Enns	Noble
Fane	Nugent
Flemming (Victoria-Carleton)	Ormiston
Forbes	Pascoe
Gundlock	Pugh
Hales	Rapp
Horner (Acadia)	Rhéaume
Horner (The Battlefords)	Rynard
Howe (Wellington-Huron)	Simpson
Irvine	Southam
Jones, Mrs.	Starr
Jorgenson	Stefanson
Kennedy	Stenson
Kindt	Thomas
Korchinski	Vincent
Loney	Watson (Assiniboia)
MacEwan	Webb
MacInnis	Winkler
MacRae	Woolliams—52.

• (3.40 p.m.)

Mr. Speaker: I declare the decision sustained.

Mr. McLean (Charlotte): Mr. Speaker, I was paired. Had I voted, I would have voted to sustain the decision.

[*Translation*]

Mr. Valade: I was paired, Mr. Speaker.

[Mr. Speaker.]

[*Text*]

Mr. Harley: Mr. Speaker, I was paired. Had I voted, I would have voted to support the Chair.

Mr. Pennell: Mr. Speaker, I was paired. Had I voted, I would have voted to sustain the ruling.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his Speech at the opening of the Session.

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): Mr. Speaker, the hon. Member for St. John's West (Mr. Cashin) was educated in my constituency. The hon. Member for St. Maurice-Laflèche (Mr. Chrétien) had already displayed his reasoned approach to our nation's problems. It was no surprise therefore that, given their splendid topic, the speeches they delivered in the House commended themselves so highly to all Members. I wish to add my congratulations.

The Speech from the Throne is a rich document, but I want to concentrate this afternoon on two particular facets of the Speech. One of these concerns the Canada Assistance Plan and the other the plan for regional development. You will recall, Sir, that earlier this day the hon. Member for Winnipeg North Centre (Mr. Knowles) asked the Prime Minister (Mr. Pearson) for a report on the meeting that took place on April 8 and 9 between the Minister of National Health and Welfare (Miss LaMarsh) and the welfare ministers for the Provinces. The Minister of National Health and Welfare could not remain this afternoon, but she has asked me to say some words on her behalf to discharge a responsibility in this regard.

The welfare ministers from all the ten provinces were present at this meeting, together with representatives from the Yukon and the Northwest Territories. Developments in the field of welfare during the past year were discussed thoroughly and cordially. The major discussion at the meeting was on the proposed Canada Assistance Plan announced in the Speech from the Throne and outlined by the Prime Minister last Tuesday. I am happy to be able to report, on behalf of the Minister of National Health and Welfare, that the plan was given general approval by

the Provincial Ministers, who welcomed it as providing a basis for a more flexible approach to public welfare in Canada.

The plan in general conforms to the suggestions which had been made by the Provinces at previous conferences. It does not interfere with the right of the Provinces to continue the present assistance programs for the aged, the blind, and the disabled. Under the Canada Assistance Plan recipients will be granted assistance on the basis of their needs. The plan will extend Federal cost-sharing to needy mothers, to the health costs of recipients and to expenditures for improved administration of assistance programs and welfare services for recipients.

• (3:50 p.m.)

During the conference the Minister went into somewhat more detail than was possible earlier. First, she made it clear that Canada is prepared to match dollar for dollar the expenditures that the provinces now make in the field of mothers' allowances, that is, aid to mothers with dependant children. Second, the Minister explained that Canada is now prepared to share in the costs of health services provided by the Provinces to public assistance recipients. Under this proposal provision is made for the inclusion of the costs of medical, nursing, dental and optical care and drugs. The extent that such services cover will be for the Provinces themselves to decide, and it will be up to them to make the types of arrangements for the provision of health services that they consider most suitable in their particular case. In her discussions with the Welfare Ministers, the Minister of National Health and Welfare (Miss LaMarsh) also made very clear, as did the Prime Minister (Mr. Pearson) himself last Tuesday, that the health proposal is an interim measure which will carry on only until the medicare program comes into operation, which the Minister hopes will be very soon.

Another important feature of the plan which was warmly received by the Provincial Ministers of Welfare was the one calling for a sharing in new expenditures for the expansion of staff and services. This proposal recognizes the need for increased and better trained public assistance staffs to make possible a rehabilitative approach through lowering case loads, through adjustment of the requirements of assistance recipients, and through referral to training, employment, medical, and other resources. It is anticipated many of those now receiving assistance can attain independence. Sir, I should hope that the aspect of the Speech from the Throne which was discussed at this meeting, which took place last Thursday and Friday, is one to which the House will be able to turn rapidly, once we have completed the debate on the Budget.

Mr. Knowles: Will the hon. Member permit a question? Does he know whether any papers were presented by the Federal Government to that conference, copies of which could be tabled in the House or made available to us in some way?

Mr. Stewart: I will inquire about this, Mr. Speaker, to ascertain if such papers as were used at the conference could be presented. This might cause some difficulty, as you would realize I am sure, because it may be that the Provinces would not wish a portion of the documentation to be revealed when other parts were not.

I think perhaps I will go on with the other aspect of the Speech from the Throne with which I wanted to deal this afternoon. The other aspect of the Speech from the Throne to which I wish to direct attention this afternoon concerns the plans for regional development. As you perhaps remember, Sir, there has been some disputation in this House recently about to whom Nova Scotians should give thanks for certain economic improvements in their Province. This dispute was predictable because both Governments, the Government of Canada and the Government of Nova Scotia, have been active, and it is far from easy to sort out the credits.

The truth—no matter to whom the praise or blame as the case may be should go—is that unemployment in Nova Scotia is much too high. The release made on March 17, 1965 on the condition of the labour force shows that while on February 20, 1965, approximately 20,000 more persons were employed in the Atlantic region than one year earlier, the unemployment rate was 13 per cent. In every other region of Canada, there had been a decline in the unemployment rate during that period, but in the Atlantic region it had gone up from 12.7 per cent in February, 1964, to 13 per cent in February, 1965. It is encouraging to learn from the Speech from the Throne that this Government is keenly aware of this regional problem and is devising measures to cope with it.

In 1956, when the Bill that eventually was to become the Area Redevelopment Act was before the Senate of the United States, a

sharp disagreement became evident between the views of two very distinguished Senators who participated in the debate. One was Senator Goldwater and the other was Senator John F. Kennedy. Actually there was an element of truth in what both said. Speaking on July 25, 1956, Mr. Goldwater said:

> The whole history of this country's development refutes the contention of those who would invoke extreme federal remedies in such situations. In the West, for instance, we have experienced the boom development of certain areas, only to realize, at some later date when the economic sources were dissipated, the collapse of whole communities which exist today only as ghost towns. During such transitions, our people did not seek governmental assistance for the artificial stimulation of areas whose economic wells had run dry. They accepted the tribulations of their ventures with stout hearts and strong backs, just as in the beginning they accepted their triumphs.

It is clear that Senator Goldwater was thinking almost exclusively about primary industries based on some scarce natural resource. This being recognized, we must concede that there is some validity in what he said. If the industries that maintain a population are based on gold, timber, oil or some similar resource, and if these are exhausted and no other economic base is introduced, there is no point in trying to maintain new generations in that place.

Senator Kennedy, speaking earlier that same day, contended that:

> —the responsibility of the federal government to aid such areas is commonly acknowledged. This responsibility is in the interest of the areas which are subject to chronic unemployment and underemployment, and coincides also with the interests of the nation. The fact is that these less fortunate areas exert a general drag upon the economy and the federal government, in order to assure full prosperity for the nation as a whole, should do all it can to eliminate pockets of unemployment and underemployment.

It is quite clear that Senator Kennedy was thinking of people engaged in secondary and tertiary industries. There are limits beyond which a country such as Canada should not go in efforts to help less fortunate areas, because to go beyond those limits would be to endanger the nation's position in the international market. On the other hand, as Senator Kennedy was insisting, such areas, if permitted to exist for long, exact their price. They do constitute a drag on regional prosperity and on the national economy as well. I think we can say safely that if either Senator Goldwater's position or Senator Kennedy's position was pushed in practice to its extreme, the result would be very costly. The Goldwater extreme would promote complete population mobility; that is, it would allow economic causes freely to move the population to the favoured national sites of secondary and tertiary industry. The extreme Kennedy position is to accept population stagnation, that is, to try to bring employment to all the people wherever they live.

Now, these distinctions are relevant to the identification of the areas to which measures for regional development are to apply. The general conclusion to which we are driven by them is that if special measures for regional economic development are to be effective, unless we are dealing with primary industries based on a local resource, the smaller the areas selected the more expensive the measures that will be effective. The area development program, which now provides tax incentives taking the form of a three-year income tax exemption and accelerated write-offs of the capital costs of both machinery and equipment and new buildings acquired by new manufacturing and processing enterprises has been helpful in Nova Scotia, for example, in attracting new industries to places like Canso, Abercrombie, Stellarton, and Point Edward. The areas eligible for these incentives have been those national employment service areas wherein there has been relatively high unemployment. The Speech from the Throne reveals that the Government is now proposing to expand its program to include other areas where incomes are low.

• (4:00 p.m.)

This is encouraging. We know that the National Employment Service areas are only administrative areas. As labour market areas they can be regarded as sufficiently distinct to serve as the long-run theatres for economic development programs only if we forget that population mobility, not population stagnation, is essential to the reformation of the economy of the Atlantic region. A program of regional development directed at the Atlantic Provinces must deal, not with mere administrative units but with genuine economic regions.

It is desirable, of course, to employ statistical criteria in identifying the less fortunate areas. Without such criteria the Government will find itself involved in highly subjective judgments and would be subject to heavy local pressures. But it is also desirable to assure that the areas selected are justifiable in terms of their economic potential for either primary, resource-based industries or for secondary and tertiary industries. Other-

wise, the measures applied will be either relatively ineffectual or extremely costly.

What I am proposing is that while statistical criteria should be used to ascertain the localities in which the population is plagued by high unemployment and low incomes, the special development measures should not be restricted to those localities, but should be applied to the general economic region in which such localities prevail. I am suggesting that the regional development policy ought to be based on a recognition that the most promising growth centres, even if now relatively prosperous, must not be excluded from growth encouragement. Do not cast your seeds on only the rocky ground! Perhaps, Sir, at this juncture I ought to mention that my entire constituency is already eligible for tax incentives under the designated area program, so I am not pleading my own case.

In addition to forecasting a new method for defining the regions needing development, the Speech from the Throne forecasts both new measures "to aid industrial expansion" in those regions and measures "to help people to take full advantage of such improved employment opportunities."

It has been known all along that the present tax incentive program for designated areas has not been regarded by the Government as a full-blown program for regional development. I think we may conclude from the Speech from the Throne that the Government is now ready to put into effect a new and higher phase of its program. Just what the new measures to aid industrial expansion will be we cannot say at this time, but I would presume they will not include any plan to transmit Federal money to the Provinces, to be used by the Provinces to provide direct proportional grants toward either the capital costs or the payroll costs of new ventures. Any such plan would entail many difficulties.

There are certain advantages for all concerned when a training program is established for the potential employees of projected industry. I assume it is some such training program that the Government has in mind in this laconic passage in the Speech from the Throne. Men and women could be recruited from near and far according to their potentialities for the projected work, and trained specifically for that work. In this way the training program would not simply take in the people who happen to arrive at the technical or vocational school's door. I hope this is what is forecast in the paragraph to which I have just referred.

It is encouraging to note that reference is made in the Speech from the Throne to the ARDA program. In the Atlantic Provinces the ARDA program is the other side of the coin of development. It is most important that our land resources be used properly, whether the use to which they are put be agriculture, forestation, or recreation. I have a feeling, Mr. Speaker, that in some of our Provinces the possibilities of the ARDA program are not thoroughly appreciated. We get small projects, important perhaps to some Minister or to some locality, but projects which by being small create the image of the ARDA program as a rather dreary undertaking.

The ARDA program ought to be approached most imaginatively; and I say that, realizing that large parts of my constituency being underdeveloped have, in the very fact that they are underdeveloped, great potentiality.

Back in 1957, in the Royal Commission on Canada's Economic Prospects, there was set forth a paragraph which I will abbreviate as follows:

> An objective of economic policy should be to integrate and improve the basic economic framework of the Atlantic region, including in particular the transportation facilities of the area, with a view to facilitating and encouraging economic growth within the region. This is not likely to be accomplished by a multiplicity of unco-ordinated measures providing aid on an ad hoc basis... What is needed we believe is bold comprehensive and co-ordinated approach to the underlying problems of the region in order to make the best possible use of the resources of the area and to improve transportation and other basic services.

I am glad that the Government has remembered that passage in the report of the Gordon Royal Commission. There is a great danger in all unco-ordinated approaches to economic development, particularly when two, or even three levels of government assume some responsibility for that development.

One of the complaints we have been hearing in Atlantic Canada recently is that there are so many agencies for regional development, both Federal and Provincial, that it is difficult not only to understand the distinct undertakings of each of the several agencies but even to remember what the initials of their names stand for. I should hope that the proposed special Federal-Provincial conference would help in clarifying the goals of these various agencies and in harmonizing federal and provincial policies and programs.

In this connection I should like to suggest that when the general Federal-Provincial conference on regional development has finished

its work, there should be a special session involving the Government of Canada and the Governments of the four Atlantic Provinces, because I think that certain of the problems germane to the discussion that would take place at such a conference would not be directly relevant to other parts of the country. Such a conference, if well planned, could be most helpful in producing a better understanding between the Provinces and the Government of Canada, and in shaping the kinds of policies which will be necessary.

In this kind of venture organization is very important. One of the most encouraging aspects of the Speech from the Throne is that the Prime Minister himself is proposing to direct his own attention to this assault upon regional economic stagnation. In the Atlantic Provinces, as you might expect, we have a great deal of confidence in the Prime Minister, and that in itself is important.

• (4:10 p.m.)

Mr. Muir (Cape Breton North and Victoria): Speak for yourself, John.

Mr. Stewart: Well, we do have certain people who disagree, but such ones are always with us. What is even more important, Sir, is that the inevitable temptation for different agencies to go their several ways can be overcome if the Prime Minister himself is directly involved. The future development of the Atlantic region is going to require the co-operation of the Federal Department of Public Works, the Federal Department of Transport, the Federal Department of Finance, the Federal Department of Industry, the Federal Department of Labour, and the Atlantic Development Board. If all these agencies are going to work harmoniously together without dispersion of energy and conflict of interest, without the leadership of the Prime Minister nothing much will be accomplished. That is why I am glad that the Government has resisted the temptation, an almost inevitable temptation, I suppose, to set up a ministry for regional development. That would have been a mistake. What is needed is the ordinary departmental approach to this problem, co-ordinated by the Minister whose job it is to co-ordinate the works of the several departments, namely the Prime Minister.

There is one other topic to which I want to refer very briefly, Sir, in conclusion. It is a related topic, for unless something is done about it and unless it is taken seriously neither the Canada Assistance Plan nor the plan for regional development will ever find their way, via the statute books, into action. I refer to the need for reform of our procedures in this House, a subject which was discussed earlier this afternoon by the hon. Member for Winnipeg North Centre (Mr. Knowles).

I think it would be a mistake to found a demand for parliamentary reform on the experience—experience which extended to some 248 days, it is true—of the last session of this Parliament. But we all know, and it has been known since the days of World War II, that this House and its Committees seldom work intensively enough on the increasingly large bulk of public business which comes before them. Too much time is spent in what one might call the parliamentary doldrums.

The Special Committee on Procedure established last session at the instigation of the Government worked earnestly and long for basic reform, but we know the sorry reward of their efforts. I think it is now quite clear that nothing much could be achieved to reform our procedures unless the Government itself acts. It is encouraging to see in the Speech from the Throne that the Government does propose to undertake specific reforms essential to parliamentary reform. As the hon. Member for Winnipeg North Centre said, there are two aspects to this. We are here to discuss, and we are here to decide. The reconciliation of these two aims, which are likely to be viewed rather differently according to where one sits in this House, is not easy; but it is now patently clear that no solution more satisfactory than the one we now have, which is to experience something like a 14 or 15 month session, is likely to be attained unless the Government itself goes ahead, assumes the responsibility for proposing necessary reforms, and brings those reforms forward for debate, and, in good time, to a decision in this House.

Mr. Muir (Cape Breton North and Victoria): Mr. Speaker, I wonder whether the hon. Member will permit a question?

Mr. Stewart: Yes.

Mr. Muir (Cape Breton North and Victoria): I listened to my learned colleague's rather interesting discourse and I did not wish to interrupt his remarks. In his remarks he stated that the unemployment rate as at mid-February, 1965 was 13 per cent in the Atlantic Provinces. I am inclined to agree with him; unfortunately it is that high. However, the Minister of National Health and Welfare (Miss LaMarsh) recently stated to the Mari-

time Women's Club at Montreal that the rate was 7.8 per cent. There seems to be a conflict of opinion there and I am wondering whether the hon. Member could tell me why a Cabinet Minister would give this information, which I think is erroneous, to a respectable and important group like the Maritime Women's Club. Would the hon. Member take it upon himself to advise the Minister that she is in error?

Mr. Stewart: Mr. Speaker, these kinds of disagreements appear to be inevitable. The hon. gentleman is insisting that I was correct when I recited the figure set forth in the survey of the labour force, yet he himself the other evening told us that we should all rejoice and throw up our hands because Mr. Robert L. Stanfield had solved all the economic problems in Nova Scotia.

Mr. Muir (Cape Breton North and Victoria): Could I pose another question to the hon. Member? Would the hon. Member accept another question?

Mr. Stewart: Well, I think my time has expired.

Mr. Muir (Cape Breton North and Victoria): Surely you are not afraid of questions. Have I your permission?

Mr. Stewart: If I have time, Mr. Speaker, to deal with the question I would be willing.

Mr. Starr: You did not deal with the last one.

Mr. Muir (Cape Breton North and Victoria): Is he not aware that my feelings the other night were these. I said that we were so fortunate in having Bob Stanfield and Industrial Estates in Nova Scotia to bring in new industries to replace those which have been taken out of the Province by this Government.

Some hon. Members: Oh, oh.

The Acting Speaker (Mr. Batten): Order, please.

Mr. R. Gordon L. Fairweather (Royal): Now we have cleared up the problems facing Nova Scotia, Mr. Speaker, perhaps I can proceed with my ill-prepared remarks. I want to agree with one point made by the last speaker, the hon. Member for Antigonish-Guysborough (Mr. Stewart), when he discussed the problem of designating an area which really has no relationship to the over-all problems in a province. This is very true of the designated areas in New Brunswick, owing to some quite artificial formula, or by reason of a formula which does not take into account the economic problems or the problems of transportation, or where industry would be best located. I am very hopeful that the Government will change this arrangement during the next few months.

It is the custom—and I want to include myself in this—to congratulate the mover and second of the Speech; I think each of them did credit to himself in a really wonderful way. It was a good effort and a good afternoon.

I would be less than gracious were I not also to include in my congratulations and compliments the hon. Member for Westmorland (Mrs. Rideout) on her maiden speech. She discussed Maritime union, which has been discussed in the Maritimes for all of 110 years. Her interest is in locating the capital of such a union, of such a country or new province, which might be called Acadia, in Moncton.

• (4:20 p.m.)

I prefer a different approach. I would think it would be better for the time being that the capital rotate between St. John's, Newfoundland, Halifax, Charlottetown and Fredericton, and then in the millennium we can come to Moncton.

However, now we have solved the problems of Maritime union I would like to pass on to a problem that the Principal and Vice-Chancellor of McGill, Dr. Robertson, calls really the crisis in the country today. He says that the "developing crisis in higher education" ranks as a national problem second only to "the problem of unity in our country".

That was in a speech reported in the Montreal *Star* of April 5. The Vice-Chancellor of York University in the United Kingdom, Lord James of Rusholme, says that the Federal Government must put education higher on its priorities list. I would think most of us in this House, no matter what our political affiliation, would agree with Lord James of Rusholme.

Mr. Addison: Where do you stand?

Mr. Fairweather: We will deal with where I stand in a moment. I am disappointed in the Speech from the Throne because it has not faced the crisis of higher education in any manner. I think the problem of assistance to universities is, as Dr. Robertson said, the second most important thing in this country. The other day in Fredericton, New Brunswick, 1,500 students met before the Legislative

Assembly of that Province protesting the increase in fees of the University of New Brunswick at Mount Allison. Then in the other two universities that I know of, which have increased their fees, Acadia and Dalhousie, similar protests have been made to Government. Many years ago in the United States a group of researchers, academics and practising lawyers formed what is known as the Law Institute, which from time to time prepares and publishes a brief restatement of a particular aspect of the law. For example, there is the restatement of the law on torts, on practice, on evidence, and so on. The Institute does this because changing conditions demand different solutions for problems, different concepts and different approaches.

I suggest, Mr. Speaker, it is time that a group of Canadians with an interest in and concern for the rapidly developing crisis in higher education prepared just such a restatement of the constitutional concept of the word "education" as used in the British North America Act. The Federal Government, in spite of several well documented briefs from the Canadian Universities Foundation, plus innumerable individual requests, has done nothing to change the formula for per capita grants for universities since the Diefenbaker Government increased these grants from $1.50 to $2 effective June 1, 1962. The university operating budgets have far outstripped the increase in population and the $2 per capita figure, in order that it be in any way comparable with present day buying power should be a minimum of $2.95. I presume that is where my hon. friend from Danforth (Mr. Scott) got his $3 figure yesterday.

Mr. Scott: I was just rounding it out.

Mr. Fairweather: The hon. Member says he was just rounding it out. Well, the nickel would be very helpful. The actual federal per capita grants to universities as of June 1 this year will be about $39,300,000, whereas if the grants had kept pace with the increase in university operating costs—that is, $2.95 per capita—they would be approximately $58 million. I suggest this is a substantial difference, and it is a difference that should make hon. Members who support the Government just a little bit ashamed of that Government's neglect of higher education in this country.

The problem is not, however, simply one of dollars for university operating grants. The restatement I seek is for a co-ordinated approach by Federal and Provincial Governments to special aspects of higher education, but within the framework and basic philosophy of the Constitution. I think this can be done. I think there are people in, say the Province of Quebec and on the Treasury benches, who could re-negotiate this matter of education in so far as the Constitution is concerned.

Some aspects of higher education which recognize neither Provincial nor, for that matter, national boundaries are, I suggest, in the areas of research, overseas students and programs involving studies of the cultures of lands other than our own. For example, Canada's needs for nuclear physicists cannot be circumscribed by the statutory injunction making education solely a provincial responsibility. Researchers in medicine and in the dynamics of space flights will not be impressed by a narrow and restrictive constitutional debate. McGill University, in its most excellent brief to the Royal Commission on Bilingualism and Biculturalism, put it this way:

> There are two major dimensions to the role of a modern university. The first is universality. Language, culture, and social milieu are factors that influence the quality and style of its activities, but to be worthy of the designation "university", it must have a commitment to the quest for knowledge that transcends these particulars. The second dimension is is involvement in the society of which it is a part. The role of educational institutions generally is to nourish and develop the culture of the society in which they exist and which they serve.
>
> The changing circumstances of the twentieth century have altered the character of the university and changed its role but they have increased, rather than diminished, its interests and responsibilities beyond the margins of the immediate community in which it finds itself.

It is in this context, then, that I seek a new accord between the Government of Canada and the Provincial Governments in the field of higher education while ensuring academic freedom and preserving fundamental provincial rights. Let Canada as a nation develop a sophisticated formula for ensuring that the universities of this land can provide us with the necessary number of doctors and scientists for our national needs and our international obligations. This type of accord, it seems to me—and I am not going to talk for very long about it—was found in another area of largely provincial concern, and that is of natural resources, in the conference held in Montreal a couple of months ago, the Resource Conference. It is this type of approach that I think could well be used in the field of education.

Let Canada assist some of our great universities establish schools of Asian and of African studies, for example. Then, too, we could have a Foreign Service Institute which, I suggest, could transfuse the Departments of External Affairs, Trade and Commerce and other Government Departments with qualified recruits. I feel that there is a mood prevalent in both French and English speaking Canada for a redrawing of the present too restrictive areas of responsibility in the field of education. Let us harness the mood, restate the principles and give university education, particularly at the graduate level, a clear direction for what I think of as the exciting years ahead.

Mr. Speaker, yesterday the New Democratic Party outlined various projects for higher education. I think it was a pity that they could not wait to announce them—they have all been busy with election manifestos here; the Throne Speech, and now the New Democratic Party on higher education—in August of this year, when we expect to have the results of the Bladen Commission report on higher education. I think this is something of an indication of our constitutional thin skin in the fact that the Canadian Universities Foundation found the money and the formula for this Commission, which the Government of Canada, because of a narrow concept of education, could not finance, or for which it could not provide the initiative.

• (4:30 p.m.)

As you know, Dr. Vincent Bladen, the Chairman, who is Dean of Arts and Sciences at the University of Toronto; Dr. Louis Paul Dugal, Dean of Pure and Applied Sciences; Hon. Senator W. W. McCutcheon and Mr. Howard Ross of the well-known firm Touche, Ross, Bailey and Smart, are Commissioners studying the financing of higher education in Canada. Not only are they studying it, but they are to make recommendations on the financing of universities and colleges in Canada, with particular reference to the decade ending in 1975, respecting financial requirements of universities and colleges for operation, research, physical facilities and student aid. They are also studying the proportion of the financial support of higher education which should be provided by tuition fees, contributions from governments, corporations, foundations and individuals. They are studying policies regarding the allocation of funds for higher education, and criteria by which institutions and students should be deemed eligible to receive such aid.

I am sure the recommendations of this Commission will be watched by the Government of Canada in spite of the fact that at the moment there is no co-ordination of this field. I asked the Prime Minister (Mr. Pearson) some time ago who had replaced Dr. Taylor in the Privy Council office, and who was to advise the Government in this area. I have not received an answer as yet, and I do not know whether or not it means that nobody has replaced Dr. Taylor.

There is a serious gap in Federal responsibility, and I think it is no longer good enough just to slough off responsibility by rushing to Section 93 of the Constitution, which was drafted years ago when colleges were just local colleges and had not conceived of the universality which the McGill Commission submission so eloquently set out.

There are one or two other things I should like to mention in the field of higher education. One is the suggestion of the Canadian Universities Foundation in respect of national achievement awards. These awards would be made in the form of remissions of portions of loans made under the Canada Student Loans Fund. There would be remissions made if students achieved superior marks. This is the type of challenge for excellence that we in Parliament should encourage. I think this would be much better than grinding out loans without any thought as to how well the students receiving the loans are doing.

Another interesting suggestion which I certainly cannot claim as my own, but one that I had the opportunity of passing on, is that a national university be established on the site which will be vacated some day when Expo '67 completes its exposition. This would certainly be a good location because it would have the advantage of utilizing the two founding cultures in Canada.

Another problem we must face in respect of higher education is created by the lack of real, meaningful exchange programs between students of French Canada and those of so-called English Canada. This could be encouraged in a much more massive way than is taking place now.

We have had some discussion here about the rules of this House. It was my privilege to serve on the House Committee on Organization and Procedure. I have not been here for very long, but that was the high mark certainly for me during my two years in Parliament. I sometimes think in respect of

the matter of Parliamentary rules that we worship the form but forget the substance. I think it is time we considered the substance and ignored the form. I have had 10 years experience in a small Provincial Legislature, if I may become personal for a moment, and I have followed the happenings in Legislatures of other Provinces. I can assure the House that these small Provincial Legislatures go through about ten times the amount of work, in about half the time, as we do here. I think it is incumbent upon us as Members of Parliament to do something about this situation. I welcome that part of the Throne Speech, to which I will give enthusiastic support when it comes before us in the form of legislation.

It has been said here this afternoon that the House of Commons is a dynamic place. If this need be said anywhere else, let me remind hon. Members that people have been talking about this and writing about it to a great degree, particularly because we are now celebrating the 700th anniversary of Parliament as an institution. Obviously rules and procedures have undergone tremendous changes during that 700-year period; but sometimes sitting here I wonder whether during some of the debate we are not living the whole 700 years of history. That of course is another story.

Because this is a Speech which has not been carefully typed and prepared, I must take a moment or two to consult my notes. This seems to be about the right juncture to discuss for just a moment what I envisage as a division, if I may call it that, of the roles of a Member of Parliament. Some of us forget that we are really three people in one, with three separate roles. The first role surely is to represent the people of our constituencies. I suggest this is only one role, but a very important one, and one which cannot be forgotten or, if forgotten, at the peril of each Member.

The second role is one of obligation as an educator in our ridings and throughout the country. The last role of a Member of Parliament embodies an obligation to the country to give it "his unbiased opinion, his mature judgment and his enlightened conscience." Edmund Burke said so in 1774, and it seems to me that his affirmation of that day still stands.

It is in this context that I want to speak about a problem which I face as a representative, as an educator, as well as one who has a duty to give an unbiased opinion. It troubles me to think that the Royal Commission on Biculturalism and Bilingualism is touching only the high spots. By that, Sir, I mean the large centres of population in this country. In spite of the efforts of the mass media to get the message across, I do not believe the results of this Commission's work are reaching the small towns, villages and countrysides of Canada. This is a serious defect in the work of this Commission. I am one of those individuals who believes, and this is almost too trite to mention, that hate and prejudice are not inherited but are taught. Surely this is a role for this Royal Commission. It is all very well to hear briefs at the King Edward Hotel in Toronto, but I wonder whether the Commission could not fragmentize itself and hear briefs at the Queen's Hotel at Sussex, New Brunswick, which has a population of 2,500. I think it is only by hearing the type of message that might come from small communities of this kind that this Commission will find out what the general public thinking is.

• (4:40 p.m.)

I have been intrigued, as any Canadian must be, by the sensible thoughts of Dr. Wilder Penfield. He says, of course, that in teaching other languages our fault is that we start too late. I have always wondered why some Canadians sneer at those who have the privilege of having a second or third language. In Europe and in fact almost anywhere in the world but in North America this would be taken for granted. Yet I am afraid that in Canada we have not yet reached that stage in our civilizing process when second and third languages are taken in this matter of fact way. I know this is not particularly a Federal field, but undoubtedly the Bilingualism and Biculturalism Commission will be giving attention to how the teaching of the second language can begin, not in secondary school but in kindergarten.

I think that is about all I have to say, except for one last point. Yesterday the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan, posed a question to which a good many writers and thinkers have been giving their attention lately. I refer to the fact that so much of government at the present time is taking place outside the forum of this Parliament, and in fact in the forums of the Legislatures, in committee rooms in the West Block and in committee rooms in hotels across this land; and unless this type of thing is stopped we as members are going to put ourselves out of business, so to speak. Many people might think this is a good idea. Claude Ryan, writing the other day in *Le Devoir*, pointed out that there are eight fields in the Speech from the Throne that will require

Dominion-Provincial conferences or Canada-Provincial conferences, or whatever the new, modern, up to date word is for "dominion". I think we have to be very careful that this type of conference is exposed to proper, public debate and criticism, which can only take place either in this Parliament or in a Legislature.

I support the Canada Pension Plan; but let me cite it as an example. It troubled me to think that the plan could not really be changed at all and that the debate here was in effect a sham, because all decisions had already been made. The excuse was given that matters had all been cleared up or clarified, or that an agreement had been made with the Provinces; and we were left more or less to put "well done" on the document and shoot it off to the Senate.

We are going to be considering very soon another very important piece of legislation involving the patriation of the Constitution—which is not a patriation at all, because the constitution, of course, will remain a United Kingdom statute. But it would be very disturbing if those on the treasury benches came to us—in fact, as Members of Parliament we cannot let it happen—and said to us: There is nothing you can do or say now because it has all been agreed to long ago by the Legislatures of the Provinces, or has been the subject of some agreement. I do not care whether it is the Fulton formula, the Favreau formula, the Fulton-Favreau formula or some other combination of names that it is currently popular to attach to it. I want to see the formula.

I support the hon. Member for Greenwood (Mr. Brewin). I think the proper place to examine the matter is in a committee and I certainly think the very fullest debate must be held on this problem. It would be an absolute negation of all our responsibilities if we were to be told that we would have no opportunity to change the formula or to amend the philosophy, and so on, just because the Legislatures had done something. This is a field on which the political scientists I see sitting on the other side of the House can put their classes to work for years to come. I sort of think of it as a non-parliamentary process, with everything being nicely tied up and handed to us, and with our not having an opportunity to examine the matter thoroughly.

Mr. Pepin: May I ask the hon. Member a question? I recognize some of the problems that the hon. Member is discussing are real, but would he not also recognize that the people who meet at these Federal-Provincial conferences are also elected Members, or people responsible to elected Members?

Mr. Fairweather: I recognize, of course, that the 10 provincial Premiers and their attorneys general are very real and I also recognize that they also represent a point of view. But I think I also represent a point of view, and I believe that we as Members of Parliament have to have a chance to express our point of view. This matter has all been tied up somewhere over in the West Block or in the East Block, and I want to see the matter dealt with here, where it should be.

Mr. B. S. Mackasey (Verdun): Mr. Speaker, at the outset of my remarks I should like to congratulate the hon. Member for Royal (Mr. Fairweather) on his very thought-provoking and moderate speech. While I do not agree with all portions of his speech, or with all his opinions I do share his desire for peace and unity in this nation and I most certainly subscribe to the teachings of Dr. Penfield which, if they were implemented a little more fully, I think would do much to make bilingualism a reality.

Tradition affords me the opportunity to congratulate the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) on their contributions to the debate on the Speech from the Throne. The spontaneous applause and many messages of congratulations sent their way indicate the respect of all Members, regardless of political affiliation, for well-prepared and well-delivered speeches. Perhaps what is even more important, this is an indication of the bond of affection that does at times permeate and traverse traditional partisan lines, although in modern times I think that the bond of affection has perhaps too often been buried in the rubble of political partisanship.

The reaction in the House to the Speech from the Throne is, I think, traditional in that we on the Government side indicate what we like about it and those in the Opposition indicate what is missing. But I have been rather pleased at the reception that the proposed legislation set forth in the Speech from the Throne has received in leading editorials in our large daily newspapers. I do not intend to read from these editorials, but in a general way I believe they come to the conclusion that the Speech from the Throne does indicate a determination on the part of the Liberal Party to continue to implement the type of social welfare measures

that Canadians of this day and age have come to expect from the Liberal Party. But underlying the Speech from the Throne, Mr. Speaker, is an awareness of the fact that all our welfare measures must be paid for by an ever-expanding economy, one that will provide the jobs for newcomers to the labour market, one that will provide positions for those who must be retrained to new skills, and an economy that must provide the moneys not only for social welfare measures but also for the new legislation that is contemplated in the Speech from the Throne. I would say to my good friends from the N.D.P. who were talking about our constant borrowing from the cupboard, that if all the social welfare measures suggested in the Throne Speech are implemented their cupboard would bear a great similarity to Mother Hubbard's.

• (4:50 p.m.)

One thing that appealed to me in the Throne Speech, Mr. Speaker, was the re-establishment of a Special Committee of the House of Commons known as the Food and Drugs Committee. The purpose as outlined in the Throne Speech will be specifically to aim at reducing the prices paid by the public for drugs. While the Throne Speech is by nature rather sketchy in detail, I would have hoped that the reference to the price of drugs would have been tied in with some reference to the necessity for maintaining, above all else, that degree of safety that we in Canada have come to expect from our pharmaceutical manufacturers, and which I have come to realize more and more, as an active member of that Food and Drugs Committee, has a direct bearing on the cost of drugs, as do the moneys being spent on research and the construction of more and more research laboratories.

It is imperative, Mr. Speaker, that the cost of drugs to the Canadian public be as low as possible, consistent with our Canadian ideas of free enterprise, the realization of safety standards established by the Food and Drugs Directorate, and compatible with the development and expansion of our pharmaceutical manufacturing industry which, as at present in Montreal and Toronto, does provide thousands of jobs and money toward the almost disgraceful lack of pure research in this country.

The second significant paragraph in the Throne Speech alludes to the proposed legislation to strengthen the position of Canadian publications. While it is tempting, Mr. Speaker, to comment at length on such proposed legislation, I would prefer to do so when the proposed legislation is before the House. But I do note with a great deal of interest the substitution of the word "publication" for "periodical". This coincides with an opinion I expressed in the House almost a year ago, that when Canada loses complete control in the field of communications, radio programs, television, newspapers and magazines, then the day will have arrived when Canada ceases to grow as a nation. My sentiments cannot and must not be regarded as anti-American but rather as pro-Canadian. I submit there is a fundamental difference. I believe it is imperative that our daily newspapers remain in full control of Canadians; that our editorials in those daily newspapers remain in the hands of Canadians, Canadians who can interpret the events in this House and in this country, as well as international affairs, free from the natural bias that could prevail in those editorials if they originated from some other source outside of this nation. I would urge the Government, Mr. Speaker, to introduce this legislation as soon as possible. The present uncertainty that prevails over the magazine field as a result of the ever present legislation on the Order Paper is unfair to those Canadian periodicals who look hopefully for some solution to their financial problem. It is unfair also to those periodicals under scrutiny, and as yet unaccepted as Canadian periodicals; who have the right to have their position defined once and for all so that they, too, may plan for their future, if there is one for them in Canada. I do not pretend to know the solution to the problem of the periodicals, but I do feel it is not in the best interest or not in the best Canadian tradition to retard appropriate legislation any longer. If it is undemocratic to introduce discriminatory retroactive legislation, then we must and should spell out correctly what this Government feels constitutes a Canadian publication.

The indication that this Government intends to go forward with its proposal to establish a Canadian Development Corporation to assist in financing major new industrial developments in this country, to increase the Canadian ownership of business corporations, reflects the determination of the Minister of Finance (Mr. Gordon) to help reduce, by legislation if possible, the ever-continuing erosion of our own industries and of our industrial resources to foreign interests. It

indicates a type of Canadianism that is not as prevalent as it should be in certain financial circles. It is indeed a tribute to the Minister of Finance that he is willing to introduce ways and means that must cause some eyebrow lifting amongst his business acquaintances, with whom he was associated so long before he decided to serve his country through the medium of elected office.

If time permitted, Mr. Speaker, I should like to congratulate the officers of Power Corporation who recently showed enough initiative to take over Consolidated Paper, and with this takeover regain for this country control over a large tract of forest and natural resources as well, of course, as regaining control over Consolidated Paper's Canadian subsidiary. In a speech made recently in Winnipeg Maurice Strong, President of Power Corporation, advocated the establishment of more corporations similar in make-up and purpose to Power Corporation, corporations that would not hesitate to take over parent firms rather than seek out a minority voice in Canadian subsidiaries. This type of initiative, combined with the legislation to be introduced by the Minister of Finance establishing the Canadian Development Corporation, will do much to help us retain what is left of our Canadian identity in the business world.

I should have liked to continue in this vein, Mr. Speaker, because as a Member of the Government Party the opportunities to speak in the House are not as frequent as some of us would like. I, Mr. Speaker, rarely depart from this type of speech, rarely participate unless I feel I have something to say. Rarely do I take the time of the House to retaliate or answer personal attacks upon this Party or upon Members of this Party. In fact, Mr. Speaker, I share the opinion of a well-known United States congressman—I believe his name was Joe Cannon—who rose to be Speaker in the House of Representatives. One day he was asked why he did not retaliate to a rather vicious attack that had just been made and he replied. "There are times when you have to fight the skunks, but you don't need to give them the choice of weapons." This has been my philosophy since I came into the House.

• (5:00 p.m.)

But if I sound a little angry, and if I would like to answer in detail the remarks the hon. Member for Yukon (Mr. Nielsen) expressed in the House yesterday, it is only because I feel as an individual that perhaps he has gone to the well once too often, and that Members all over the House, without exception, are getting a little tired of his personal attacks upon the Prime Minister of this country.

Any hopes that we may have had that rubbing shoulders with the hierarchy of his Party may have mellowed the hon. Member for Yukon, may have made him a little more objective in his remarks, were rapidly dispelled by his speech yesterday. Instead of objective, constructive criticism of the Throne Speech, as we have just been treated to by the hon. Member for Royal (Mr. Fairweather), we were treated to another vicious, unwarranted, but I suppose utterly predictable attack upon the Prime Minister and upon the front bench of this Party.

Some Members may ask, "What do you expect from the hon. Member for Yukon? Why do you think he is capable of being responsible in his remarks? What contribution has he every made in the House that was not of a destructive nature?"

The fact is, Mr. Speaker, when the hon. Member rose in the House last November to bring to the attention of the House certain alleged wrongdoings, I spoke in that debate and expressed the opinion that the hon. Member for Yukon was doing his duty as a Member of the House, and I expressed the opinion at that time that wrongdoing should not be shoved under any rug.

But, Mr. Speaker, I had expected better things from the hon. Member for Yukon, because of his new-found role in the Conservative Party, that of alleged master strategist, the dark horse in the leadership stakes, the man who is to outline the strategy that would restore the party's image in Quebec and restore the Conservative Party to the ranks of those that deserve the description of national.

The Montreal *Star*, to which the hon. Member for Yukon likes to allude on occasion, had an editorial in its issue of March 6 this year entitled, "The New Role of Mr. Nielsen." It is a lengthy editorial and the first paragraph of it says this:

> Nothing in Mr. Erik Nielsen's parliamentary record has shown him up as a constitutional expert, but that apparently is to be his new role. For the moment, to judge by a document circulating among Conservative M.P.'s and attributed to the hon. member from the Yukon, muckraking is out—

He forgot to read that document yesterday.

> —though he rendered a most useful service in this connection—and the constitution in.

I shall leave out sections of the editorial because they refer to the pros and cons of

opting, and opting out; but further on the editorial says:

> All this has no meaning to that limited section of the Conservative Party which includes the Horners and the Nielsens and is led by Mr. Diefenbaker. The Leader of the Opposition has in fact given his supporters what amounts to an ultimatum: support the party or get out, though what is equally clear is that Diefenbaker ultimatums no longer carry the weight they once did.
>
> Once more a section of the Conservative party in Parliament is finding in the past the natural home of its reaction. But the clock cannot be turned back to some happy era which this group finds more to its liking. The issue is not whether to centralize or not to centralize, but to develop policies which will meet the needs of the present and, in so doing, strengthen the future of this country.

I do not question the loyalty of the hon. Member for Yukon to his leader. I believe it is the duty of every member of a political party to show precisely that same loyalty to the party leader, and that is just precisely what I am trying to do this afternoon. Nor do I have any question about the ambitions of the hon. Member for Yukon, for ambition goes hand in hand with politics, and I do not fault the hon. Member for seizing the opportunities provided by his propensity to destructiveness to push his way to the top of his party, to be the voice behind the Leader of the Opposition. I simply had hopes that the hon. Member for Yukon would use his new place of prominence in his Party for the unity of this country, to indicate to the House that from henceforth the Conservative party would stop living in the past and start looking to the future.

Instead, we see the sorry spectacle of the hon. Member for Three Rivers (Mr. Balcer), a Conservative of 16 years standing, leaving his Party because he realized that the philosophy of the Leader of the Opposition, strengthened by the support of the hon. Member for Yukon, could only lead to the complete destruction of the Conservative party in Quebec, and ultimately to its complete destruction as a national Party.

Unless the saner voices of moderation have an opportunity, in the hon. Member for Yukon's Party, to emerge, to be heard, to formulate policy, then this great Party is doomed to extinction. For, contrary to any opinion the hon. Member for Yukon has, or any other hon. Member has, that there is a strong English backlash setting in, in this nation, the reverse is true. Canadians from coast to coast, of all racial backgrounds, want national unity. They want the type of Canada that the Prime Minister is striving for, and the voice of the hon. Member for Yukon, or 50 similar voices, will not drown out the voice of reason of the Prime Minister or stifle his desire to provide the guidance and enlightened legislation that is so vitally necessary at this time in our history.

[Mr. Mackasey.]

• (5:10 p.m.)

In his remarks yesterday the hon. Member referred briefly to the C.B.C. Sunday night program, "This Hour Has Seven Days," and suggested that hon. Members who saw the program would have a great laugh at the expense of the Prime Minister. Well, I saw that program, Mr. Speaker, and I would defend the C.B.C.'s right to present it with my last breath, for I will never subscribe to censorship in any form. But this does not preclude me from saying that the program was in bad taste, that ridiculing the Prime Minister of this country, or for that matter ridiculing the President of the United States, indicates what many people have long suspected about this program, that it is running out of constructive and creative ideas, and is failing to live up to the high hopes many people had for it at its inception. Its reference to the flag as "the rag" is despicable and can only weaken the respect that all Canadians should have for our national symbol, regardless of the controversy that preceded its adoption. The same performers who imitated the Prime Minister, creating the impression that the Prime Minister may have referred to the flag as the rag and who in turn ridiculed the President of the United States, have no compunction about crossing the border to take advantage of the opportunities there for second rate comedians.

By some queer reasoning the hon. Member for Yukon (Mr. Nielsen) feels that we must not attack poverty in this country because the United States thought of it first. We must not think of a youth corps because the United States has a peace corps. We must not introduce social welfare measures because, in his opinion, we have borrowed these measures from the N.D.P. I say, Mr. Speaker, that it is precisely this willingness on the part of the Prime Minister to borrow what is best for this nation, from whatever source it may stem, that makes him the great man that he is. He cares little for the alleged glory of being considered original. He is more interested in alleviating poverty in this nation. If we can benefit from the experiences of our friendly nation to the south of us, and if we can benefit from the experiences which

they had in their war on poverty, why should we not take advantage of this experience? I wonder whether any Canadian who feels the benefit of this attack on poverty particularly cares whether the idea stems from the House of Parliament or from the White House? As for borrowing the N.D.P.'s philosophies, any legislation which we have adopted in the past and that which we will adopt in the future, has always been an important part of the manifesto of the Liberal Party. Our Party has been consistently known for its willingness to introduce social welfare measures to the Canadian economy.

The hon. Member for Yukon, Mr. Speaker, once again has been reviewing his moments of glory by referring darkly to the so-called scandals and so-called immorality in high places, and he indicates his willingness to discuss them again at some time in the future. Personally I would prefer to see him staying closely to the field for which he has such an affinity, instead of playing strategist within his own caucus, which indirectly is driving from the ranks of his party one of the few voices of moderation in this country, a voice which was accepted and appreciated in English Tory ranks as well as in his own native Province.

The hon. Member referred quite cheerfully to an editorial by Mr. W. A. Wilson in the Montreal *Star* and his references to the Cabinet. I am quite willing to admit that I am an admirer of Mr. Wilson's writings and read his comments quite closely. I appreciate his editorials, whether they be critical or whether they be complimentary.

I should like to read another editorial from the Montreal *Star* dated April 1 which is entitled "Sound and fury signify nothing". This article bears the stamp of Mr. Wilson and reads, in part, as follows:

> Mr. Erik Nielsen was going his best lick in the House of Commons on the government's opting-out bill. He called it "deconfederation on the instalment plan", charged the Liberals with responsibility for parliament being "plucked from its powers like a chicken", described the bill itself as the "first halting step along the road to eventual disintegration".
>
> It was all dandy political stuff, and if it had no validity at least it had entertainment value. No sooner had he finished his vaudeville act, however, than members were back on track and the opting-out legislation on its way to the Senate. The Tories it is clear had no heart in the Nielsen approach. The weakness of their opposition to it was in almost direct proportion to the violence of Mr. Nielsen's oratory. The threatened drawn-out debate on the legislation never materialized. The Conservative amendment was defeated and the legislation given second reading in 45 minutes.

I will conclude this article, Mr. Speaker, with this last paragraph:

> Meanwhile, all that the Diefenbaker group have succeeded in doing is to show up once again the deep division in the Conservative Party. Mr. Greene, the Liberal Member for Renfrew South, read back to Mr. Nielsen statements made by another Conservative, Marcel Lambert of Edmonton West, describing the Bill as innocuous and declaring in effect that the Act was unnecessary because the provinces were only taking over fields assigned to them by the constitution. It must be heart breaking for the rest of the Conservative party to stand by and watch the kind of portrait of Conservatism which men like Mr. Nielsen are painting.

Mr. Churchill: Why don't you worry about the Liberal Party?

Mr. Mackasey: The hon. Member for Yukon referred to caucus leaks in his own Party and he was rather rough on his fellow members. I can appreciate the problem of caucuses, but these leaks no doubt led to an editorial which appeared in the Winnipeg *Free Press* on March 19 entitled "Two views of opting-out", or "One Tory's mouse is another Tory's monster". This editorial dwells on the fact that the hon. Member for Yukon was not able to win over his Party in face of reasoned logic on the part of the hon. Member for Edmonton West (Mr. Lambert) during the Tory caucus debate on the opting-out formula. I say thank goodness for the Conservative Party, which we need as a national party in this country, and thank goodness for the moderate voice of the hon. member for Edmonton West.

Mr. Lambert: It was the voice of caucus.

Mr. Mackasey: Mr. Speaker—

Mr. Deputy Speaker: Order. I have to interrupt the hon. Member because his time has expired, unless he has unanimous agreement to continue.

Mr. Churchill: If he talks about the Liberal Party, yes.

Some hon. Members: Agreed.

Mr. Mackasey: I thank hon. Members and I shall attempt to shorten my speech by not reading too extensively from another editorial which concerns Tory caucus leaks, and which indicates that the hon. Member for Yukon is not above revealing caucus secrets if he feels that it is in his own best interests to do so.

Mr. Lambert: That is a low blow.

Mr. Mackasey: Wait until I have read the editorial. It says:

Conservatives of both factions have shown an unusual disposition in recent weeks to share their caucus thought with the general public.

I might say this article is from the Winnipeg *Free Press* for March 19, and I should like to read that passage again because I see that the hon. Member for Edmonton West is paying attention.

• (5:20 p.m.)

Conservatives of both factions have shown an unusual disposition in recent weeks to share their caucus thought with the general public. There has been an astonishing discrepancy in the views thus communicated. In the light of Mr. Lambert's present verdict that the bill is a mere mouse which will scarcely change anything, what are we to make of the "confidential" published remarks of Mr. Nielsen (an undoubted loyalist) only a fortnight ago?

Mr. Speaker, there is more in the same vein in this rather lengthy editorial, but certainly the indication that a confidential document published by Mr. Nielsen—

Mr. Churchill: It was not published by Mr. Nielsen.

Mr. Mackasey: I am not making the charges; they are in the Winnipeg *Free Press*. I suggest, however, that those who live in glass houses should not throw stones and the hon. Member should not be too critical of others when from his own Party there are leaks from the caucus.

Mr. Lambert: Mr. Speaker, would the hon. Member permit a question?

Mr. Mackasey: I will, when I have finished. I promise. That is the least I can do, in view of the hon. Member's co-operation. There is one last aspect of this matter, Mr. Speaker. The hon. Member asked me to refer to the Liberal Party, and the hon. Member for Yukon yesterday, in a very benevolent mood, made a direct appeal to the backbenchers of the Liberal Party to rebel against what he called the old guard along the front row. I must inform the House that regardless of our weaknesses, our problems and the fact that at times we have been a little accident prone, there has never been in this Party any indication of division or a lack of loyalty on the part of the backbenchers to the Prime Minister or those hon. Gentlemen who sit along the front row. In fact, Mr. Speaker, if the hon. Gentleman, when referring to the old guard, was including, as I presume he was, the House Leader (Mr. McIlraith), the Secretary of State for External Affairs (Mr. Martin) and the Minister of Transport (Mr. Pickersgill), let me say this, that these men have already contributed more to this country, to this House and to this Party than the hon. Member for Yukon will if he sits here for another 20 years.

Mr. Churchill: Don't be too sure of that.

Mr. Mackasey: Instead of trying to drive a wedge into the Party solidarity for which this Liberal Party is justly famous, the hon. Member should examine his own conscience and see why it is that Members of the calibre of the hon. Member for Three Rivers (Mr. Balcer) and the hon. Member for Berthier-Maskinongé-Delanaudière (Mr. Paul) found it necessary to leave the Conservative Party; or why it was that the Conservative Leader—with whom I sympathize and whom I respect greatly—found that, even with the wonderful help of the hon. Member for Yukon, he was barely able to carry the day in the face of mounting revolt. Certainly this should take up the time of the hon. Member for Yukon, rather than worrying about Liberal backbenchers.

In conclusion, Mr. Speaker, let me say this, that the backbenchers in the Liberal Party are satisfied with the leadership they are getting—

Mr. Alkenbrack: They have got to be.

Mr. Mackasey: —for they know that they share in the confidence of a man who is dedicated to the future of this nation. If time permitted—and I do not want to prevail upon the benevolence of this House—I would have read an article which appeared in the Montreal *Gazette* entitled "A Party Fighting Friend and Foe", which refers to the problems that are splitting the Conservative Party asunder. I would just like to repeat—and I know I express the opinion of the backbenchers of this Party—and a few remarks that I made outside this House, when I said that when Lester Pearson retires from the political arena, when the historians of this nation have had an opportunity to assess this man's career, they will find that his greatest single achievement was not winning the Nobel Peace Prize but—

Mr. Alkenbrack: Suez?

Mr. Mackasey: —was in introducing proper legislation and understanding the problems that confront this nation, and who singlehanded has done more than any other man in this country for national unity.

Mr. Lambert: Mr. Speaker, with indulgence of the House may I ask a question of the hon. Member?

Some hon. Members: Agreed.

Mr. Lambert: The hon. Member mentioned, from his lofty position of Chairman of the Liberal Caucus, that those who live in glass houses should not cast stones. Can he assure the House that he himself is not in a vulnerable position and that he does not have to preside over some rather serious differences of opinion?

Mr. Mackasey: Mr. Speaker, the hon. Member made a very excellent point. There is one fundamental difference, however. We do not drag our differences of opinion about caucus leaks into the House of Commons. I do not stand up in this House, as Caucus Leader, and castigate my fellow backbenchers, as the hon. Member for Yukon did yesterday. This is the fundamental difference. If we have caucus leaks, we repair them ourselves; we do not wash this type of dirty linen in the House of Commons.

Mr. MacInnis: Oh, you do have dirty linen?

Mr. Churchill: You have it, eh?

Mr. F. J. Bigg (Athabasca): Mr. Speaker, I wish to add my congratulations to the Mover and Seconder of the Address in Reply to the Speech from the Throne, and to the hon. Lady for Westmorland (Mrs. Rideout) for her fine contribution. I hope to keep my remarks on a positive basis, as I always try to do, so I will not try to defend my colleague from the Yukon who at the present time has, I think, attained national stature as being—

Some hon. Members: Oh, oh.

Mr. Bigg: —a man of great courage and ability.

Some hon. Members: Hear, hear.

Mr. Bigg: It is obvious to this House and to the whole country that this young man, who was said by the former speaker to be green and brash, has shown himself to be a young statesman of no mean character. He stood in this House and accused the Government of carelessness in protecting the public of Canada and the reputation of our law enforcement bodies in a very, very serious situation. He was immediately called a prevaricator and he was challenged to produce the evidence necessary to show that there was in fact fire where there was smoke. I am not going to comment on the Dorion Inquiry because I do not know what the findings will be, but I am quite sure that everybody in Canada was satisfied that this inquiry was necessary; and whether or not the errors made on the treasury benches were deliberate or merely careless, the actions of the hon. Member for Yukon were in my opinion nothing but admirable.

We have before us a Throne Speech. It is big enough; it takes in the whole ambit, I think, of Canada's future. We are going to declare a war on poverty; we are going to take a new look at agriculture; we are going to do all the things that Canada has been waiting for during the last two years, shall I say with bated breath. I hope it is not merely a baited election trap. The small farmers in my community—and there are many of them—have not had large crops; they have had no grain whatsoever to sell, in many cases, but to those on the treasury benches at the moment, they mean nothing. They are great at generalizing. They say, "Oh, the West is prosperous". I suppose this is true when a prairie farmer has had three bumper crops at high prices. I would say he is personally well off. How about those who have not had anything? These are the people I represent.

• (5:30 p.m.)

Some of these people are faced with the kind of poverty that the Throne Speech promises to correct. I should like to know specifically what the Government intends in this regard. When we were faced with this problem we came up with positive answers. We worked out a system of paying $200 to each farm family so they could buy underwear for their children and pay their taxes.

I noted with favour the use of the expression "farm family" in the Throne Speech, and the indication there that something was to be done for these families. What has been done on their behalf in the last two years, and what will be done for them in the future? I suppose nothing will be done for them unless they vote Liberal. Is this a new form of national blackmail, that unless people of this country vote in the right way, nothing will be done for them?

Mention was also made of an Indian Affairs Commission. We sought to set up such a Commission when we were in office and the plans were completed and available, but nothing has been done in that regard in the past two years. If this Government intends to appoint any new Royal Commissions, surely it will give consideration to appointing an Indian Affairs Commission to solve the problems which face this minority. We were able to provide this minority with the right to

vote, and I told them that this right would be of assistance to them in gaining equality in this country. This whole problem requires immediate study and solution, which could be accomplished by the appointment of such a Commission. Nothing has been done in this regard during the time this Government has been in office.

We have heard a number of lectures in the House during this Throne Speech debate about the duties of Members of Parliament. Is this Parliament falling into disrepute? If it is, why is it moving in this downhill direction? All hon. Members of the House should ask themselves these questions: Are we doing enough with the opportunities at hand? Are we giving proper and adequate consideration to the problems of this country? Are we actually going to do something about them?

This Throne Speech covers the whole ambit of difficulties which exist today in Canada. I am not here making an election speech, but I am not worried about an election being called. You can call one at any time you wish, but this House should get down to business and bring forward legislation which does not need complete overhaul. Legislation brought forward by the present Government has required overhauling, and this has been carried out as a result of the efforts of Members on this side of the House. When that has taken place many of the newspapers in this country have suggested that the delay in passage is all Mr. Diefenbaker's fault. On the other side of the coin, the Government has continually accepted credit for the few measures which have not required overhaul.

As an example of what I have in mind, let me ask why the Pension Plan had to be submitted three times and is still, in my opinion, a failure. On many occasions we have not been given the opportunity to vote for or against certain programs, but have been put off by arguments as to whether or not we should have the right to discuss them at all. Let us have some positive discussions about the measures which this Government brings forward. Surely the time has come when we should return parliamentary powers to Parliament. Let us stop appointing Royal Commissions and creating Crown corporations to denude Parliament of its powers.

It was pleasing to me to note that the Government intends to at least suggest the appointment of an ombudsman. This points up the fact that there are many things wrong with the bureaucratic administration of this country. I should also like to see an end to the creation of Crown corporations which presumably take the powers of administration out of the hands of Parliament, following which they can hide behind these administrative screens and refuse to accept responsibility.

At this point I should like to refer to a specific subject rather than speak in generalities. On March 8 I stood in this House and asked the Minister of Veterans Affairs (Mr. Teillet) whether the Secretary of the Army Benevolent Fund had been suspended. That Minister replied immediately, so he must have known the facts, and said that the Secretary was under suspension, although nothing wrong had been found in respect of this Fund. Let me inform this House that I consider that man to be exemplary in his service to this country. He was a member of the first company to go ashore in France on D-Day. He lost one leg in that battle and sustained serious damage to the other as a result of hand grenades. He is a prominent member of the War Amputees Society of Canada. He has been in charge of the Canadian Army Benevolent Fund as Secretary for 17 years. Each year the Auditor General has commended this man, who is responsible for the administration of this $6 million fund. He has reported that this valuable civil servant has carried out his duties in an exemplary manner during the 17 years he has been associated with the Fund.

In spite of all these facts, this man received, by long distance telephone call, information to the effect that he had been suspended and was no longer required to fulfil his duties. That telephone call was placed during the last week of February and I rose in this House on March 8 and asked the question to which I referred earlier. Is it surprising that today, April 13, this man is still under suspension, yet was not told for over a month why he had been suspended? On March 9, in answer to the second question I asked in regard to this case, the Minister stated that no charges had been preferred by the Legion or the Army and that there was nothing wrong with the Fund. He indicated that no complaints of a serious nature had been lodged against this man, yet this valuable civil servant has been suspended from his job for approximately eight weeks.

Several of the newspapers across this country have carried reports that this man was fired. Is it necessary for me to ask whether or not we need an ombudsman. I realize the

Minister of Veterans Affairs is sick, but I see no reason why one of his assistants on the other side of this chamber could not get up and tell us why this valuable civil servant was suspended. I am one of this man's best friends and I cannot find out why he was suspended. As a result of telephone calls I have ascertained that a board sat in respect of this case and found him to be free of any guilt. That man is not aware of that fact, nor are his thousands of friends across this country. He has been locked out of his office and instructed not to communicate with his personal staff. I know of my own knowledge that his personal mail has been opened and read. Does this mean that we are entering a new era in Canada, during which letters from my wife and family will be opened and read because some member of the Treasury Board thinks that there may or may not be something wrong with my behaviour? This man is still not allowed to communicate with his staff, and although his mail is not now being opened, it is still being subjected to scrutiny.

• (5:40 p.m.)

Surely it must be obvious to us all that we need an ombudsman to ferret out answers to questions of this kind, and to see that public servants of this calibre are not subjected to this kind of improper treatment. I do not want to use violent language, but I did not fight overseas for five and a half years only to return and find it possible in Canada to be subjected to this kind of thing. I am not an Erik Nielsen, trained in the law, to look after this sort of thing, but I am a mature Member of this House and as such intend to ask questions and obtain answers. I have not been able to obtain a satisfactory answer to this question in the past month, but as a Member of this House I intend to continue to ask it until I do. If setting up a Crown corporation makes it possible to treat a Canadian citizen in this way, then I say we had better pass a federal statute now doing away with all Crown corporations, until we are assured that every citizen of this country has the right to the privacy of his own mail, the right to communicate with his office staff and the right to know what charges he faces any time he is put under this kind of house arrest.

I came home from overseas 20 years ago yesterday, and I have waited for the opportunity to stand up and say that the kind of tactics against which we fought in Europe will never occur in Canada. If I have to become violent in my speech, then I will say that as long as I am alive this type of treatment will not be given to any Canadian citizen. If you want to hide behind statutes, let us pass a statute which says that this sort of thing cannot occur. I am not blaming the Minister of Veterans Affairs (Mr. Teillet) for this but I am saying that he is sitting there with this sort of thing going on, and to my knowledge nothing is being done about it. I should like every Member of the House to take cognizance of this fact. If the Minister needs the power to stop this kind of thing and protect the average Canadian citizen, I want to be the first one to see that he gets it.

There is reference to amendment of the legislation concerning the Canadian Army Benevolent Fund in the Speech from the Throne and I suggest the reason it is there is that I asked a question on the 8th of March and there is no satisfactory answer to this problem up to the present time. We had better find one. There are hundred of thousands of men in the War Amputations Society. Who can say that this man has paid the price in blood, and sweat for the right to be treated like a human being?

[*Translation*]

Mr. Jean-Louis Frenette (Portneuf): Mr. Speaker, it is obvious that the youth of this country will be called upon some day to play an increasingly important role in the public business of Canada, and an eloquent evidence of this was given to us by the mover and the seconder of the address in reply to the speech from the throne.

Indeed, the hon. member for St. John's West (Mr. Cashin) and the hon. member for St. Maurice-Laflèche (Mr. Chrétien) have brilliantly stated the views of the Canadian youth on the problems facing parliament at this time. After those who spoke before me, I want to offer them my sincere congratulations for their contribution to the debate and to Canadian politics.

I do not for one moment suppose that the few remarks I propose to make will be a very important factor that could induce the government to change its policies. But considering that it is my responsibility to air the views of my constituents in this house, I shall try to be their true spokesman and to voice their comments on Canadian policies at this time.

The speech from the throne which was read by His Excellency the Governor General did not overexcite us or reveal anything very sensational. However, we must recog-

nize that that document gives a rather faithful picture of the economic situation in Canada, especially through its pointed allusions to poverty and want, which are the lot of too many of our fellow citizens.

While, for some years now, we have been able to rejoice over a notable improvement in the standard of living of the average citizen, this satisfaction should not blind us to such an extent that we forget the hardship which is the lot of almost 20 per cent of our population.

With your agreement, Mr. Speaker, I shall read that paragraph of the speech of the throne where it is acknowledged that poverty does exist among the Canadian people. I quote:

> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training, inequality in opportunities for work. To combat these problems, to improve the opportunities of people who are now at a disadvantage, is to put new power into economic expansion and to enhance the unity of our country.

Mr. Speaker, this recognition of poverty among us should be an incentive turning us into an army of fighters, imbued with one desire, one ideal: to put a quick end to this deplorable state of affairs.

I could not be more favourably disposed toward the underdeveloped countries and all those, throughout the world, who suffer hunger, but I do not hesitate to say and to admit that our first duty is, to wage a merciless war on poverty and on hardship among our own people.

We have the privilege of living in a country exceptionally rich, and I consider it outrageous that because of our political prejudices, our ignorance and our indifference, we should be unable to help those who rely on us to distribute this wealth among them.

The Speech from the Throne is an inspiration in that war we must wage. It contains the outlines of the program which is essential, but I would have liked it to be more explicit and more detailed. The long range policies will not result in any immediate improvement, and yet, for millions of Canadians, a state of emergency has unfortunately been prevailing for too long.

In the last session, we passed a measure to improve the lot of our older citizens; it is not perfect, I agree, but it will give, we hope, good results.

As a matter of fact, since the adoption of the first social security measure for our older citizens, we have witnessed a constant progress in the payment of benefits. From $20 a month, the old age pension was raised to $75 a month in the space of some 20 years. I am very glad indeed that there has been this improvement. In fact, I would even hope for more, and it seems to me that the concern of our government should not stop there and that it would be urgent, for instance, to adjust the payment of family allowances to the variations in the cost of living. Let the government grant children but half of what they gave to our older citizens, which might represent an increase of about $5 per child per month, and I am ready to bet on the results of the next general election.

There is more and more emphasis put, and rightly so, on the necessity of preparing our young people for their role as full citizens. Emphasis is laid also on the need for production incentives, on credit facilities and on the improvement of our domestic and foreign markets.

Mr. Speaker, are not all those measures inspired by our concern for the well-being of the people?

• (5:50 p.m.)

Such an increase in family allowances would have the immediate effect of putting in circulation another half a billion dollars in Canada. I challenge anyone to find a better incentive to production. Canadian parents could put this money to good use for the benefit of their children and create by this very fact a constant demand for all sorts of products; this would be a shot in the arm for the Canadian economy.

As members of parliament, our first and foremost duty is to legislate in the interests of the Canadian people; we must combine all our energies for the welfare of the majority and as we are also representing our ridings, we have the responsibility to express the feelings of our electors who have been clamouring for many years for increased family allowances.

I have much respect for the economists who suggest elaborate and complex plans to boost the Canadian economy, but I also have confidence in the common sense of the people, and I always listen carefully to the voice of our farmers, workers and small craftsmen whose common sense often astonishes me.

I noticed during my very brief experience in parliament that, as the middle class people, safe from financial difficulties and daily wor-

ries of the average family man, we easily become complacent like everyone who is content with his lot and, without realizing it, we are gradually getting away from the people, and the voice of the humble folk and the indigent reaches us distorted and blurred. It would really be something to see how easily some politicians can get rid of their "bourgeois" shells, at the mere sign of an approaching election, to suddenly become dedicated protectors of the people.

Unfortunately, our examination of proposed legislation too often turns into an election campaign or useless discussions on procedure. We forget the important thing and let our attention be taken over by side issues. All our proceedings, in my opinion, should be governed by a humanitarian feeling that would inspire each and every one of us to work for the happiness of others. This, as I see it, is the mission assigned to us as members of parliament. And if each one of us were to stop worrying about his political interests and work in that kind of spirit, I am convinced it would soon be possible to provide all Canadian families with the bare necessities they are entitled to as Canadian citizens.

Mr. Speaker, following again the principle that a member of parliament must interpret as faithfully as possible the views of his electors, I would like to make some comments on the activities of the C.B.C. Over the past few weeks, I have been receiving letters and I have heard comments and remarks on the moral rating of the T.V. shows; heads of families, parents' associations, school trustees strongly protest because with their own money, the income from their own taxes, a corporation belonging to the Canadian people broadcasts in their homes a pervasive and baneful poison whose effect is all the more dangerous as it is often presented in a pleasant form.

Some C.B.C. programs give wide and shameless publicity to free love, prostitution, violence and crime. On behalf of my constituents, I strongly protest against the bad use that is made of a publicity medium financed by the Canadian people.

Mr. Speaker, I do not accept the theory that parliament should not deal with this situation, that it should not interfere with the operation of this corporation, that the board of governors is solely responsible and does not have to report to anybody. We do have organizations in Canada to protect society as far as the sale of pharmaceutical or food products is concerned. Why then is society not protected against this evil which is perhaps even worse and attacks insidiously moral values and human dignity?

Mr. Speaker, I should like to deal briefly here with a meeting I had recently with high school students who had organized a debate among themselves on the television problem. I was very much impressed by the way those students discussed that problem and pointed to the dangers and benefits of television. I make it a point, Mr. Speaker, to refer to what those students told me on that occasion: television programs—remember these are children 15, 16 or 17 years—are generally insignificant and stupid. This is what our children think, Mr. Speaker, about Canadian television. I think this calls for immediate action.

I should also like to draw the attention of the government to the problem of agriculture, particularly in the province of Quebec. I do not propose to re-examine here statistics issued in this regard; they are available to everybody. But I urge the minister, who is too often absent unfortunately, to have his government change its farm policy.

Some encouraging steps have been taken lately in favour of dairy farmers. It is surely a stimulus which will produce effective results, but it is no time to stop when things are going so well under the delusion that all problems are solved. Marketing, and especially the search for methods likely to reduce production costs are, in my opinion, the main factors of success in agriculture. Besides, farming organizations quite often submit briefs which are really charters of the farmers' rights. I am sure the minister's advisers will find in them many suggestions likely to help Canadian agriculture.

Although our agricultural calling of the past has gradually changed over the years to the extent of becoming industrial and commercial, nevertheless, a very important segment of our economy is closely related to farming. We were pleased to hear of the forthcoming establishment of the Canadian dairy commission, which will work in cooperation with the provincial agencies. It is our heartfelt hope that this commission, unlike so many others, will not be a haven for disappointed or defeated politicians, but rather a really effective organization, with all the competence and authority required to undertake and continue a truly positive action.

Mr. Speaker, the speech from the throne contains two paragraphs, which, in my view,

are of capital importance. The first deals with the designation of areas where income is low. Such a program has been in existence for some weeks already and has given some results.

However, I think that to be truly efficient, any governmental action in that field must be taken in close co-operation with the provinces which are better able to select those areas and offer concrete solutions to each area's industrial needs.

Under the federal plan for natural resources and industrial development, the riding of Portneuf, for instance, which I have the honour and privilege to represent, is lost in the economic region of Quebec and the St. Maurice. In spite of its natural beauties and the worth of its inhabitants, that riding remains in fact an anonymous region within that great country of ours.

On the other hand, if you look at that riding on the provincial level, you will quickly realize that because of its wealth and population, it is worthy of the attention and care of our governments.

Therefore, I suggest that the designation of areas be left to the discretion of the provinces which, later on, might take action according to the needs of those areas, such measures being implemented thereafter on a co-operative basis with the federal government. Unfortunately, in the past, it is the opposite which occurred and it is probably the reason for the inefficiency of the programs already in effect.

The second paragraph which I mentioned earlier deals with vocational and technical training. We are told today that a worker cannot learn a trade at which he will work all his life on account of the modernization of facilities and means of production. This is a problem we have to face bravely and which calls for joint action of employees, employers and governments.

However, as all the fields of education and technical and vocational training are primarily under provincial jurisdiction, the federal government should limit itself to providing the provincial governments with the necessary funds, so that they may carry out their own training schemes.

With all due respect to some of my colleagues, I suggest that such a field of activity should be reserved to the provinces, which have everything necessary to succeed.

When the time has come to study this piece of legislation—I shall indeed avail myself of the opportunity to get back to this subject—I will take it upon myself to recommend to the responsible minister the convening of a conference of the provincial ministers of labour, so that he may submit specific projects that will be acceptable to the provinces.

And while I am dealing with this question respecting workers, I wish to express my pleasure upon learning that the Unemployment Insurance Act will be revised. For many of us, this will be a unique opportunity to endorse the claims of the workers in all our ridings.

We all recognize that the Unemployment Insurance Act no longer meets the needs of our times, and particularly that the regulations enacted under it are but an obscure and complicated maze where the unemployed of this country go astray.

It is also recognized that too many officials of that commission are incompetent or ill-disposed toward workers. The factory worker and the woodsman usually are honest persons who have no distrust for the administration, and it is unfortunate to see that these honest individuals sometimes are victimized by unscrupulous officials.

I am glad to admit, of course, that most members and employees of the unemployment insurance commission are good, devoted and attentive civil servants, but in view of the complexity of this agency very little is needed sometimes, it could be an obscure and ill-advised employee, to throw a monkey wrench in the whole administration of the commission.

This matter should be referred to a committee of the house so that representatives of the working class could testify and make suggestions for, after all, they are directly concerned in and most familiar with this question.

Mr. Speaker, the speech from the throne, in spite of what I have said in my opening remarks, does contain many items from which the Canadian people will benefit. We shall be glad to support most of them. But, finally, what purpose would be served by having the best throne speech, the best Prime Minister and the best brains in the country if all these elements cannot be combined objectively by means of modern procedure?

During the last session, the committee on procedure did a wonderful job and all those who were members of that committee should be commended, but there is still a lot to do to make Parliament the effective instrument we need. The House of Commons is not yet the hall of democracy and it is only by making the necessary adjustment to its code

of procedure that its image and its authority will be preserved.

Personally, I think more authority should be given to the various committees of the house; that their recommendations should be implemented by the house and that it should not be permitted to discuss in committee of the whole what has already been discussed in the standing committees.

Mr. Speaker, I agree that the business of the house has become increasingly difficult, especially with a minority government and an opposition divided into four different parties. Consequently, conscious of his responsibility, every member of the house, during the discussion of various pieces of legislation, must be as objective as possible and get rid of any partisan approach. As far as I am concerned, while staying in line with certain principles which I have been supporting for some years, I propose to give my loyal and honest support to those in charge of the administration of the country, provided the legislation brought before the house seems to me to be in the best interests of the Canadian people.

However, so that there will be no misunderstanding as to the stand I intend to take, I should like, before I conclude, to offer for the consideration of members of the house an item reported in *Time* Magazine of January 15 last where we see that an organization called the international development association is in fact a branch of the World Bank, founded in 1960 by fifteen of its members to assist underprivileged nations and had made, up to January last, loans for a total value of $1 billion.

The international development association grants credit only to those countries that are so poor that they could not pay the regular interest, although it is only 5.5 per cent. Those borrowing countries are charged only three quarters of 1 per cent to pay for the bank's overhead. The money is loaned for a 50-year period, with a ten-year period of grace, before capital repayments are begun.

• (6:00 p.m.)

Here is a striking and convincing example of what could be done in Canada so as to meet present requirements.

There is here in Canada a body known as the Bank of Canada which could create and distribute new credit to the provinces and municipalities at an interest rate equivalent only to administrative costs.

I feel that if every member would look fully into our present monetary system and sought to find its weak points and its faults, as well as the appropriate cures, it would then be possible to make constant progress, while removing deficits and the interests which weight heavily on our budgets.

I would not be so bold as to think that we have a monopoly on truth here or that the methods we advocate would be a cure-all for every ailment of society. However, I honestly feel that is the best we could find after intense consideration and I call upon all hon. members, individually and collectively, to examine seriously and objectively the problem of finance and money, our theories and principles, after which we could undertake a frank and honest dialogue. I am convinced that that would greatly contribute to the progress of parliamentary business and that, as a consequence, the Canadian people would enjoy greater welfare.

• (6:10 p.m.)

[*Text*]

PROCEEDING ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTION TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, subject to the special order made yesterday and pursuant to Standing Order 39A to inform the House that the question to be raised at ten o'clock this day is as follows: the hon. Member for Danforth (Mr. Scott), industry—benefits of Canada-U.S. automobile agreement to Canadian consumers.

SPEECH FROM THE THRONE

CONTINUATION OF DEBATE ON ADDRESS IN REPLY

The House resumed consideration of the motion of Mr. Cashin for an Address to His Excellency the Governor General in reply to his speech at the opening of the session.

Mr. Marvin Gelber (York South): Mr. Speaker, Eric H. Erikson writes: "Strength inherent in the age of youth. I call it the sense of and the capacity for Fidelity". In this debate on the Address in Reply to the Speech from the Throne the hon. Member for St. John's West (Mr. Cashin) and the hon. Member for St. Maurice-Laflèche (Mr. Chrétien) have been faithful to the best traditions of this House and I would like to congratulate them on their addresses in moving and seconding this motion. The hon. Member for Westmorland (Mrs. Rideout), in her maiden speech, also did credit to this House and to her historic constituency. The hon. Member

for Nipissing (Mr. Legault) is a valued member and we welcome him as well to this historic House.

In a searching discussion of the problems of youth, Professor Erikson writes:

> Fidelity could not mature earlier in life, and must not in the crises of youth, fail its time of ascendance if human adaptation is to remain intact...Here again diversity and fidelity are polarized...fidelity without a sense of diversity can become an obsession and a bore...diversity without a sense of fidelity..."

—can become empty. The role of youth is crucial in our society and this Government sets an important horizon in organizing a Company of Young Canadians. The Professor of Human Development at Harvard continues:

> In youth, then, the life history intersects with history: here individuals are confirmed in their identities, societies regenerated in their life style.

E. E. Cohen, executive secretary, National Child Labour Committee, is concerned about "early physical maturation combined with delayed social responsibility". This program of the Government of Canada to provide a wider context of service meets in some measure what has been called the moratorium of responsibility. Some feel that youth is too preoccupied with solving personal problems and problems of adjustment. Professor Erikson writes:

> —but in youth the tables of childhood dependence begin slowly to turn: no longer is it merely for the old to teach the young the meaning of life, whether individual or collective. It is the young who, by their responses and actions, tell the old whether life as represented by the old and as presented to the young has meaning; and it is the young who carry in them the power to confirm those who confirm them and, joining the issues, to renew and to regenerate, or to reform and to rebel.

This historic role meets new challenges in the nuclear age.

The youth of Canada is prepared to meet the challenge which the Company of Young Canadians offers. We do not accept the tragic ethic expressed in the story from Greek myths told by the ancient historian Herodotus about two youths, Kleobis and Biton, of remarkable strength, who were victorious in many gymnastic games and drew the chariot of their mother, Hera, a priestess, a great distance to the sanctuary of Argos. She prayed to the gods to reward her sons and as their greatest gift, allowed the two brothers to die in their sleep in the fulness of their youth. Our ideal is the fulness of life, and in providing added avenues for social responsibility for the youth of Canada the Company of Young Canadians can play a historic role.

[Mr. Gelber.]

Dr. Harold Taylor, a well known Canadian points out:

> We do find changes taking place in the attitudes of students towards themselves and towards their society. These changes occur when two major factors are present. The first is the presence of idealistic, sensitive teachers who care about their students and who develop ways of helping them to find the guidance they need. The second is a community life in which the students are called upon to concern themselves with their relationships to each other and to their world, not merely on the extroverted basis provided by sports and social engagements, but by the structure of the community itself.

The effort of Canadians in two world wars is a most remarkable one. About a million Canadians volunteered for service overseas 1939-45 and the honour role contains 41,992 who paid the supreme sacrifice in corners of foreign fields that will always remain part of our Canadian heritage. Our country has had this great tradition of voluntary service both in peace and war. The names of many battles are hallowed in the history of our country where with skill and bravery Canadians fought for a common cause. Some volunteered again in the Pacific area and during the United Nations collective security action in Korea Canadian volunteers carried the colours of famous Canadian regiments. We can paraphase the famous English poet, A. E. Housman who wrote: "It dawns in Asia. Tombstones show"—and Canadian names are read.

I know the House would want to hear again this excerpt from the citation on the awarding of the Victoria Cross to Captain (acting Major) Paul Triquet, Royal 22nd Regiment. Upon instructing soldiers in security I always read the entire citation and I am pleased to recall it today.

> Against bitter and determined defence and under heavy fire, Captain Triquet and his company in close co-operation with the tanks, forced their way on until a position was reached on the outskirts of Casa Berardi. By this time the strength of the company was reduced to two sergeants and 15 men. In expectation of a counterattack, Captain Triquet at once set about organizing his handful of men into a defensive perimeter around the remaining tanks and passed the mot d'ordre "Ils ne passeront pas". A German counterattack supported by tanks developed almost immediately. Captain Triquet, ignoring the heavy fire, was everywhere encouraging his men and directing the defence, and by using whatever weapons were to hand personally accounted for several of the enemy. This and subsequent attacks were beaten off with heavy losses and Captain Triquet and his small force held out against overwhelming odds until the remainder of the battalion took Casa Berardi and relieved them the next day.

Now, Mr. Speaker, we have been told that the idea of a Company of Young Canadians has been borrowed. Ideas are always borrowed. They are borrowed, reinterpreted and rearranged. We have been told that many ideas in the Speech from the Throne have been borrowed, and of course they have. They have been matured and mellowed by experience and they will be applied to the problems of Canada. That is the test of any government, to make a political reality out of a good idea. The idea of a program of service is something that springs from deep wells within Canadian life.

• (6:20 p.m.)

I would like to say a word about a very successful project, CUSO—the Canadian University Service Overseas. CUSO is organized on the basis of a partnership between the CUSO organization and the university that is recruiting personnel, because this is a student organization. CUSO selects, trains and transports the students. The host country provides them with local salary, room and board and an appropriate allowance. A Ghanaian official said this:

> I am extremely suspicious of the "dedicated person" who wishes to help but has no specific skill. Don't send underdeveloped people to underdeveloped countries.

Its personnel must be screened, carefully selected and trained. Training programs for them before they go abroad have been conducted at the University of British Columbia, McGill University, the University of Montreal and the University of Toronto. Here is what was said by an educator from Tibet about one CUSO worker:

> Due to her intense devotion to work and her medical knowledge we have been able to bring a tremendous improvement in the school. This school was primarily established for children who are so weak that they need particular care. So the task here is demanding. She has been wonderful with the children and they have taken a great liking to her.

In addition to intellectual ability, candidates must possess emotional maturity, resourcefulness and must be able to adapt themselves to the unfamiliar. They must be willing to regard their overseas assignment as an opportunity for learning through service, and they must have the capacity to conduct themselves at all times with humility and understanding. This is not only a process for serving others; it is a process for serving ourselves, for learning. Here is a story from Ghana. Two CUSO students were married in Ghana, and here is a letter which one of them wrote:

> I'm afraid the only excuse I can offer for this late report is my marriage to fellow CUSO volunteer, John Baigent, and perhaps you'll see from my description just how hectic things have been. We were delighted when Terry Bacon, Third Secretary of the Canadian High Commission, responded by offering to give the reception as his gift.
>
> One thing led to another. Since the wedding reception was out of our hands, we could then afford invitations and we had great fun trying to convince the African printer that we did not want elaborate cards covered with silver bells and cupids. We ended up with a design somewhere between African and Canadian tastes and had a marvellous time sending off 250 invitations—although we knew that 200 of the invited people would be too far away to come. It made us feel a little bit closer to the folks back home anyway.
>
> No wedding is complete without a cake and once again we had fun with the African baker, convincing him that we were people of very simple tastes and didn't really want bells, cupids, hearts, etc., adorning our cake. The Africans love bright colours, gaudy decorations, etc., and their tradesmen reflect the philosophy that if a little bit is good, then lots is better! But we won—simplicity prevailed.

Mr. Speaker, under the Canadian University Service Overseas, Canada has sent a group of students to a wide number of countries around the world. The *Globe and Mail* reports some of them wrote back:

> "No matter how much you prepare, you're rocked when you arrive," says Don Millar of Toronto, a 22-year-old history graduate teaching English in Dhampur, Uttar Pradesh.
>
> "The heat and the faces just crowd in upon you", says Martha Nixon, 21, of Montreal, McGill graduate in psychology and anthropology, who is teaching at Balarampur, West Bengal.
>
> "But the initial impression that our living conditions here were primitive and dirty has already worn off," adds Montrealer Stephen Jasper, 22, another McGill graduate, who is teaching English at Jamal Mohamed college in Tiruchirapalli, Madras State.
>
> "India can be daunting—You're such a drop in a huge bucket, as one student put it—but the 10 young men and nine young women display no lack of enthusiasm, only a measure of humility about how much enthusiasm can accomplish.
>
> "My greatest fear is that I somehow may not fit into the educational system, won't be able to communicate," says Terry McElroy, 22, of Ottawa, a Queen's University graduate teaching English at Padhampali High School in Orissa province."

There are other programs of service for students. Here is one described in the Ottawa *Citizen*:

> A group of 180 Canadian university students, 54 of them from Ottawa, will spend part of their summer holiday in the Mexican hinterland trying to improve the lot of the less fortunate. What makes this project a particular challenge is that they have to raise funds to pay the costs of transportation and the bare essentials of living.

Here is another program at present being carried on in Canada by The International

Grenfell Association. This information was supplied to me by the hon. Member for St. John's East (Mr. O'Keefe):

> These...are...young men and women who have recently finished what would be equivalent to our high school, and are just prior to entering university. These students come on the coast for various lengths of time, as orderlies, voluntary workers of one type or another. We have medical students who come on a rotational basis the year around, with the largest number coming during the summer months. These students come from various universities in Canada, the United States and England. During the summer months, we have short term volunteer workers from universities of Canada and the U.S.A., mainly, who do volunteer work in our dormitories, hospitals, and community work in various areas.

Then I have information here about Operation Beaver, 1965, a Canadian Ecumenical Council project. There is a whole series of projects listed here by the Student Christian Movement. Here is another group of projects listed by the Vocational Register, Student Christian Movement of Canada. There is a wide variety of voluntary programs, not only for students but at all levels in Canada. The voluntary tradition is an important tradition in Canada, and I believe that a proper challenge to the youth of Canada—not only to the students but to all the youth of Canada—will meet with a most happy response. The British, the French, the Dutch, the Scandinavians, the Australians all have programs of assistance abroad. I have information here about a great number of these. I would like to say just a word about the largest of these, and that is the United States Peace Corps. The then Senator Hubert Humphrey, now Vice President of the United States, in introducing the Peace Corps legislation into the Senate on June 1, 1961, said this:

> The Peace Corps which has been set up under Executive order will cost less than the cost of firing one Atlas missile, even one that does not work. The anticipated first year's budget for the Peace Corps will cost one tenth of 1 per cent of what it will take to put a man on the moon.

• (6:30 p.m.)

For the Peace Corps program the host country credits the Corps with a significant role in its development. Every nation in which the Peace Corps is serving is asking for more volunteers. Additional countries are also asking for Peace Corps participation in upbuilding.

I think it is symptomatic that the Ramon Magsaysay Philippines award which has been considered as one of Asia's prime awards was given to a Peace Corps Director, Sergeant Shriver, on behalf of the Volunteers, who had served in 11 Asian countries by 1962. It was the first time this award has been given to a non-Asian.

There are many types of individuals that the United States Peace Corps invites for participation. It wants physicians, both general practitioners and specialists, registered nurses, licensed practical nurses, health directors, medical technicians, physical technicians, hospital administrators and many others.

There is also a great deal of work for manual labourers in the Peace Corps. Jim McKay volunteered to serve in the Peace Corps and is now working in Lahore, Pakistan, helping to build a hospital. The average bricklayer there lays 225 bricks per day, whereas Jim's average is 750, and his skill is being used to help his Pakistani co-workers improve their own production.

There are important tasks at home which a Canadian corps of service could perform. Certainly the more obvious might be those relating to our Indian and Eskimo populations. There are all types of Group Workers needed in the most advanced and mature urban societies, as well as in the less advantageous urban areas.

We know of the work that is being done through ARDA. There is a demand for young Canadians to serve and assist in the type of work that ARDA is doing. They can do much to help with these important tasks. The frontiers of this country are great and the imagination and challenges which this Government can offer to the youth of Canada I am sure will meet with hearty response.

We hear a great deal about youth, and I was very interested when I found a quotation from Socrates who lived about 2,400 years ago. Socrates said:

> Our youth now loves luxury. They have bad manners and contempt for authority. They show disrespect for their elders and love idle chatter in place of exercise. Children are now tyrants—not the servants of the household. They no longer rise when elders enter the room. They contradict their parents, chatter before company, gobble up their food and tyrannize their teachers.

I believe that both at home and abroad there are great tasks, great challenges and great opportunities for the youth of Canada, which is responding and will continue to respond. I think the Government is to be congratulated for bringing before this Parliament the idea of a Company of Young Canadians to serve both at home and abroad —to give service to others and to serve themselves.

In conclusion, Mr. Speaker, I should like to quote from Sir Rabindranath Tagore, the Indian poet and philosopher, who once said:

Man goes into the noisy crowd to drown the clamour of his own silence.

Canadian youth will go forward into the crowd to find itself and its fulfilment.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Mr. Speaker, I should first like to join with others in congratulating the Mover and Seconder of the Speech from the Throne. Their efforts are all the more commendable because of the vague generalities contained in the Speech. It contains plenty of fancy frosting on the cake, but not much cake to bite into. It contains promises but lacks detail.

I agree with many views expressed by editorial writers and T.V. commentators, that this is a pre-election speech which is not actually intended for full implementation during this session of Parliament. It was meant more for possible vote catching. The date of the coming election is not revealed in the Speech, but the intent is certainly there.

Many speakers have dealt at some length with what the Speech contains, and more particularly with what it does not contain. I should like to refer to three or four items which have not been covered during this debate. One item in the Throne Speech deals with what is described as "comprehensive legislation to reform public regulation of the railways". This really should read "reform of last session's legislation, Bill C-120". This is just another example of the Government being forced to revise ill-considered legislation hastily produced.

We have held some worth-while meetings of the Standing Committee on Railways, Canals and Telegraph Lines and I am sure the Minister of Transport (Mr. Pickersgill) has had certain deficiencies of Bill C-120 forcibly drawn to his attention. I should now like to draw his attention to the Sixth National Farm and Business Forum, held in Winnipeg recently under the sponsorship of the Agricultural Bureau of the Winnipeg Chamber of Commerce.

A large number of individuals were in attendance at this conference, all of whom expressed opinions. While I do not intend to outline every opinion expressed, I should like to refer to one or two and place them on record, so that they will come to the attention of the Minister of Transport.

The first statement to which I wish to refer was made by Mr. A. V. Mauro, Q.C., Chairman of the Manitoba Transport Commission. He said that—

—national policy of rail rationalization was necessary and the primary objective of this should be to enhance the political and economic welfare of the Canadian people.

He then went on to say that—

—if any rationalization program is proposed for railway systems in the prairie provinces it should be worked out on a basis much wider than merely the solely related formula of railway submission.

Mr. Mauro then stated that—

—any appointed authority should consider an over-all pattern rather than a simple point to point approach undertaken by rail companies.

• (6:40 p.m.)

Here is another statement, this time by Hon. George Taylor, Minister of Highways for Alberta. He stated five points which I should like to put on the record.

1. That a rationalization authority should be established with full responsibility to deal with rail line abandonment and with power to order the interchange of lines, the seasonal use of lines and the exchange of running rights between two or more railways. It should also have power to deal with costs and revenues before and after and would not be required to deal only with costs and revenues at the time of application.

2. That all authority dealing with the abandonment of rail lines presently in the hands of the Board of Transport Commissioners, be transferred to the rationalization authority.

3. That the rationalization authority be given full power to order the Board of Transport to carry out studies affecting the railways and the results of such studies should be transmitted to the authority without recommendation for a final decision.

4. That the rationalization authority be given full power to deal with governments at all levels, the railways, businesses and all others in the area and region that will be affected by the abandonment of a branch line.

5. The rationalization authority should be required to give extra weight to any item adversely affecting the favourable position of Canadian grain in world markets.

I want to emphasize that last point because I come from a grain producing area where the people are very much interested in the whole railway problem and especially in the problem of rail line abandonment. Mr. E. A. Boden, vice president of the Saskatchewan Wheat Pool, also spoke and he said:

Abandonment of branch lines on the scale sought by the railways will cause major disruption of the grain industry... He said it would mean the removal of 3,453 miles of tracks and 923 country elevators which would cost approximately $60 million to replace.

Again I am emphasizing this because of my interest in the grain producing area from which I come. Mr. Boden **continued:**

A federal authority concerned with branch line abandonment should have the power to act rather than to just recommend changes.

With respect to the Saskatchewan Wheat Pool and other organizations he said:

They hold the view that whatever body is given the responsibility for deciding the fate of rail lines, should have the authority and the ability to examine the broad picture, to look at areas rather than single lines.

An article in the *Western Producer* summed up the conference and I should like to put part of it on the record:

It was significant that much of the time during the sessions was taken up with wide-ranging discussion of the shortcomings of the now defunct Bill C-120.

I think we can all agree with that because the Government has withdrawn that Bill. Then there is a reference to Mr. Boden to whom I have already referred:

Mr. E. A. Boden, Saskatchewan Wheat Pool second vice president, following a graphic description of the final results of the closure of all branch lines now proposed by the railway companies for abandonment, gave a number of interesting examples of possible rationalization. These included situations in which there could be line sharing and interchange of running rights, the bridging of existing gaps so that routes of access to main lines could be shortened, and other devices which appear perfectly feasible and desirable. It was interesting to note that no railway representative at the meeting offered critcism of Mr. Boden's proposals.

There is one other aspect of the railway problem to which I wish to refer briefly. It concerns reports of the curtailment of passenger services, particularly by the Canadian Pacific Railway. In this connection I wish to put on the record a resolution passed at the annual meeting of the Saskatchewan Urban Municipalities Association in Regina on April 2 last. It reads as follows:

Whereas the C.P.R. has been granted land, mineral and tax concessions in the early days of its operation, and

Whereas an expanding population and economy requires a comprehensive transportation system for such growth, and

Whereas the C.P.R. has shown a disregard for the public interest and intends to discontinue passenger rail service even though the C.N.R. has increased passenger rail service profit by some 19 per cent,

Be it resolved that this assembly go on record as insisting upon the consideration of public interest before any further discontinuance of C.P.R. passenger train service is allowed, and

Be it further resolved that no additional curtailment of existing passenger service be allowed by the Board of Transport until a full inquiry is held by the Federal Government to determine whether the public is able to obtain space on present facilities.

[Mr. Pascoe.]

Many in my riding are not convinced that the C.P.R. is making every possible effort to improve passenger traffic and they think the company should make this extra effort. Apparently Canadian National Railways has met with considerable success in its campaign to interest more people in travelling by rail. I would refer to the annual report of the C.N.R. just received where on page 9 there is this notation in regard to passenger services:

Sales. The number of passengers carried by C.N. increased in 1964 by 14.0 per cent over 1963 and passenger service revenues were 16.7 per cent higher. The red, white and blue fare plan, to which is credited much of the increase in passenger sales, was extended throughout the system during 1964 and this and other passenger sales projects were intensively advertised and promoted in various ways.

I read this as a challenge to the C.P.R. also to go out after passenger traffic, and I am quite sure they would be able to get it. I know we are trying to finish tonight, Mr. Speaker, and I do not want to take too much time but there is one more point to which I should like to refer because I am quite concerned about this matter. As I said before, I come from a wheat producing area. Early in the Speech from the Throne there appears this reference:

My Government is resolved that Canada shall make the fullest contribution it can to the lessening of international tensions, including the provision of practical assistance to developing countries.

I suggest that one way to extend practical assistance to developing countries is to provide greater help with regard to their food problems. I know that this Government and the previous Government have participated in the world food program under F.A.O. I believe we are the third largest contributor to this program under which distributions of skim milk, cheese, butter oil, dried fish, flour and oats have been made to 15 countries mostly in Asia and Africa. This particular food aid project was started in January, 1963 by the Diefenbaker Government. It seems to me that Canada could do much more to meet the food needs of underdeveloped countries. I am thinking particularly of our great stocks of wheat that are again beginning to pile up, despite the brave words of the Minister of Trade and Commerce (Mr. Sharp). There are problems in regard to our commercial wheat markets, but a more extensive food aid program of wheat and wheat flour should not interfere with our regular markets. It would certainly help the developing countries. Previous gifts of

wheat and wheat flour brought the first taste of bread to millions who now welcome bread as a staple diet. Canada should do more to satisfy this demand.

• (6:50 p.m.)

Perhaps, Mr. Speaker, this is a good time to take issue, as I have done in this House on previous occasions, with those who advocate diets that do not include bread. Some of these advocates of no-bread meals are in this Parliament. I have a copy of such a diet here and the chart says that you must not eat bread or anything containing starch or flour. This is a diet to which I take very strong exception, Mr. Speaker. I cannot put it in better words than I find in this particular farm journal, and I quote:

> Diet fads may easily do harm which can never be erased, as can posture fads, high heel fads, and any number of others. In food, fads have again and again thrown nutrition out of balance in a shocking proportion of the population. Bread and potatoes, the most common starch suppliers, have been repeatedly cast in the villain's role....
>
> None of these foods is either villain or hero on its own. In a balanced diet each can and does play an excellent part. It is the silliness of fadism which gets them all out of proportion in human eating habits.

I have a news item here, Mr. Speaker, which may explain the no-bread diet of some of our friends. The article is headed "Soft Life Reduces Wheat Consumption". I quote:

> A higher income is associated with the "soft life" and a minimum of physical exercise—desk work, driving instead of walking to the neighbourhood store, and hiring someone to do the odd jobs around the house. As a result, the need for high-caloric foods is reduced.
>
> A bigger pay cheque also allows a family to indulge to a greater degree in the more expensive food items, thus creating a larger demand for meats and fruits at the expense of low priced items such as bread.

I am trying, as I said, to contradict this no-bread diet, and I think in the interests of good health I should. I should like to refer briefly to the suggestions of the nutrition division of the Department of National Health and Welfare. Here, I have "Canada's Food Guide," indicating the foods to eat every day, and bread and cereals are certainly very much played up. Then, there is another copy of "Canada's Food Guide", and it advocates bread and cereals very day for good health. This pamphlet is from the Health League of Canada and is headed "Every Week is Health Week." I have quoted this before and it advocates at least four slices of bread a day.

These are just a few items relating to the health qualities of bread, Mr. Speaker. I should like to refer briefly to an article concerning foods and nutrition in Japan and India. I quote:

> Long ago Japan realized the nutritional dangers of using rice to the exclusion of other foods and the advantage of using wheat and other cereal products as well as rice in their diet.

Then, with regard to India, the article says:

> Although India is considered to be a rice eating country, half the population look on wheat as part of their staple diet.

I should like to quote an article from "Grain Market Features":

> Speaking in London recently, Sir Charles Dodds, one of the world's acknowledged leaders in the field of nutrition referred to...the food value of cereals and the fact that cereals would go farther and were capable of contributing more to the maintenance of human life, more economically, than any other food product...
>
> He added that experience over the centuries had shown that life could be maintained adequately on bread alone, and if this was supplemented by vegetables and possibly small quantities of dairy products a high standard of nutrition could be maintained.

In concluding my argument with regard to bread I should like to quote this article from the *Family Herald*:

> Canadian consumption of bread has tended to fall on a per capita basis as our standard of living has risen. Yet it would be a sorry day if flour ever became too much taken for granted by Canadians. With our enormous wheatlands, we are the custodians of perhaps the most important food crop the white man has ever known.

As I said, Mr. Speaker, I am from a bread eating area of Canada, the Prairies. My diet consists of at least four slices of bread daily. I do not believe I am too much overweight, and I am in good health. The young women of the Prairies eat bread and they are slim and attractive. They raise fine families of healthy bread-eaters. I am sure their measurements would compare with those who are skimping on bread. I had some exhibits in the gallery a short time ago, but unfortunately they have gone.

I have one more small item to which I should like to refer with regard to the Speech from the Throne. Actually, reference was made to it by the hon. Member for Peace River (Mr. Baldwin) yesterday. He referred to the big problem in that area of the very large stocks of damp wheat. I should like to draw to the attention of the Minister of Agriculture (Mr. Hays), who is in charge of the Board of Grain Commissioners, and the Minister of Trade and Commerce (Mr. Sharp), who is in charge of the Canadian Wheat Board, the fact that in my city of Moose Jaw there is a large Canadian Government elevator equipped with the finest

and most modern facilities for drying grain. It is not being used at this moment. I suggest to these Ministers that they look into the situation carefully. I think at very little expense they could move that wheat to this elevator at Moose Jaw, dry it and sell it at a much better price, a price which would cover the cost of drying.

Mr. D. M. Fisher (Port Arthur): It is a pleasure, Mr. Acting Speaker (Mr. Tardif) to see you in the Chair. I know your reputation for never missing votes, and it is nice to see that has been recognized by giving you this higher responsibility. In connection with votes, I want to say that of all the votes that have taken place here in the last few years, the one I regret most missing was the one last Friday on the main motion of non-confidence. I regret missing it because I believe completely in the indictment that condemned this Government particularly for carelessness, indifference and neglect of the Prime Minister (Mr. Pearson) in refusing to take action to eradicate wrongdoing in high and low places under Federal responsibility, and restore public confidence in the honesty and integrity of the Government.

• (7:00 p.m.)

The question that still remains in my mind, despite the vote I was not here to take part in, really centres on the fact that I cannot believe the story that we have had in connection with a number of items, particularly in relation to the Prime Minister's conduct and the conduct of the Minister of Justice (Mr. Favreau) in the whole matter relating to the Rivard inquiry.

One of the things that most concerns me is the uneven, one might almost call it the random justice which the Prime Minister (Mr. Pearson) seems to be so proud of. In his speech during this debate he thundered out how quickly he acted in connection with his Parliamentary Secretary. He acted very quickly with his Parliamentary Secretary, yet nothing has been proven against his Parliamentary Secretary. He acted very quickly with the Minister without Portfolio, and nothing has been yet proven against the Minister without Portfolio. He gave us no explanation of his actions in either case, other than it is quite obvious he thinks he has proven his ability to react in such a situation by the abrupt dismissal he has given those two men.

I have no brief for them, but I am very much bothered by the fact that the Prime Minister will make a virtue out of a curt dismissal like that of two of his advisers and yet, at the same time, have a completely different attitude to other people and other Ministers, for example the Minister of Justice, for example the Secretary of State for External Affairs in the matter of the Onofrio Mainaudo case, for example the gentlemen with their furniture. All that seems to be fine.

We have the situation that the hon. Member for Yukon (Mr. Nielsen) referred to, that the postal employees in this country are up in arms and enraged because they feel they have been slurred by the minister they have been given as a result of the minor shake-up coming out of these scandals. I was interested this afternoon in hearing one of the Government supporters giving the hon. Member for Yukon the devil for his tactics in raising these things, especially the serious question that brought about the Dorion Inquiry.

What do my friends on the Government side think the situation would have been if the Government had been in a comfortable majority? Do you think we would have had the terms of the Dorion Inquiry altered? Do you think we would not have been shut off completely? We certainly would. It is only as the result of vigilance—and I give a great deal of credit to the hon. Member for Yukon —that we can begin to probe what I think is the most dangerous aspect of this Government, and that is its wishy-washy attitude towards its own integrity.

There is the difference between integrity and performance, or inept performance, and a lot of the ineptitude, the boneheaded plays of the Government do not have any relationship to the whole question I am talking about. They just reflect the general weakness of the Ministry and the Cabinet. I do not know whether we should feel sorry or sympathetic for some of the supporters of the Government, who have to sit behind it and put up with the performance of this Ministry.

One of the points I wanted to make in connection with this whole question of integrity and morality is to say how absurd I think it is that the Minister of Justice has made the kind of defence that he has. I wanted to put on the record—and of course this is in translation—what I consider his corny melodramatic, indefensible kind of reaction to his own stupidity and ineptitude in the performance of his chores. He gave a speech on Friday and this is what he said:

I am proud—and I thank God and my fellow citizens for giving me the opportunity, despite some difficulties and sometimes also, perhaps, the cruelty of politics, especially for a beginner to work on this team, with the group of Liberals which faithfully surround me, for the greatest prosperity and happiness of the Canadian people. And all this under the dynamic leadership of a man who will undoubtedly be remembered in history as one of the great Prime Ministers of our country and certainly also as one of our most genuine Canadian patriots, the right hon. Prime Minister of Canada (Mr. Pearson).

Some hon. Members: Hear, hear.

Mr. Fisher: If anyone can applaud that nonsensical hyperbole, all reason is gone. But my point is that here is a man who talks about the cruelty and the penalty of politics as though he has been absurdly hurt, as though he has been pushed around by the fates and the wicked, vicious and evil politicians who have attacked him.

An hon. Member: Isn't he entitled to defend himself?

Mr. Fisher: Sure he is entitled, but I am getting sick and tired of the kind of people who wrap themselves in the flag of God and the family, and all the rest, when they are under attack. I am sick of the whiners, and the Government Party has one of the greatest collection of whiners I have ever encountered. They cannot get used to the fact that the old establishment game they play is gone, and perhaps forever. We have had the hon. Member for Hamilton East (Mr. Munro), the Parliamentary Secretary to the Minister of National Health and Welfare, whining all over the place—"You know the terrible things, the persecution of politics, with people attacking the Prime Minister." We have got whiners like the hon. Member for Rosedale (Mr. Macdonald) who is always sort of complaining about anyone who makes any kind of attack against the Government.

Mr. Macdonald: On a question of privilege, Mr. Speaker, I think the hon. Member should mention one specific instance when I have complained about anything he has said about the Government or about me.

Mr. Fisher: What I have said is that he is whining all the time in the House. I rank him as the No. 2 backbench whiner. As a matter of fact I think he is trying to whine his way into the Ministry.

Mr. Macdonald: Mention one instance.

Mr. Fisher: My point in connection with this is that in any kind of politics when there is rough going there is attack and there is counterattack, and the characteristic of this Government and its supporters is: This isn't fair; this isn't decent. Well, I would like to tell some of the newer members opposite that I was here in a Parliament when a very small nucleus of members of their party, and particularly that prince of partisanship, the hon. Member for Bonavista-Twillingate (Mr. Pickersgill), unleashed day after day after day, through 1962 and 1963, a kind of attack that has made some of the things the Opposition has done in this Parliament seem pretty pale. Yet that was great, because that was in noble aid of getting the country back on the rails with a wonderful Liberal government.

I would like to suggest to hon. Members that this whining game they indulge in, this complaining about attack, and particularly the kind of whining exemplified by the Minister of Justice, is getting rather sickening.

I would now like to turn to some of the items in the Speech from the Throne and to make some comments on them. The first part of the Speech from the Throne contains the usual guff about the Royal Family and what a wonderful institution the Commonwealth is, and how we are going to make our contributions. One of the points that interested me was the sentence which read:

My Ministers attach great importance to Canada's neighbourly relationship with the United States and to the development of practical, mutually beneficial arrangements within that relationship.

Just last week we had the embarrassing situation of the whole question, in the public press coming out of Washington and New York, as to whether Lyndon Johnson was angry with Lester Pearson: What kind of treatment did Lester Pearson get when he was secluded with President Johnson? Why was President Johnson curt with the newspapermen? Why couldn't there be more newspapermen there?

We had one correspondent, the *Globe and Mail* correspondent in Washington, coming out with a story that never had a Canadian Prime Minister and a United States President established warmer, better relations. These two fellows hardly knew each other, but they got along better together than blood brothers, even better than the spirit of Hyannis Port and the relationship with the previous President.

• (7:10 p.m.)

I do not know how the Prime Minister gets along with President Johnson. I would

hope he gets along well; but it is this promotional aspect that becomes a mockery when it is proven to be not true, this promotional aspect that somehow this particular Prime Minister has the quality that enables him to somehow mesmerize people in the foreign field. I wish he would save some of this mesmerism for the Canadian House of Commons, which seems to be the place where he will have his difficulties.

The point which is given the premier position, I think, in the Speech from the Throne is the reform of the proceedings of this House, which I think is something which the majority of members welcome. Certainly we in this party hope we will be given a strong lead. It is my opinion that the Government and the Prime Minister (Mr. Pearson), after discussions with party groups, can bring in thorough measures of reform, and if it comes to a vote they can count on the voting support of most hon. Members.

In connection with this I should like to say that, unlike other people, I welcome the step anounced later in the Throne Speech to attach to the office of the Prime Minister a secretariat in connection with this program to attack poverty. It seems to me that this House of Commons has been one of the difficulties in terms of getting a legislative program through in the last five years, and this is where much more concentration should take place. It seems to me that it is now the function of the Prime Minister and that of his office to perform, if you want, a brokerage job in the House of Commons and with the Ministries in order to get things moving. This kind of achievement requires, it seems to me, very drastic changes in our House rules. Our party is on record as supporting a number of reforms which I know are not unique to us. A number of hon. Members, including the hon. Member for Northumberland (Miss Jewett) and the hon. Member for Royal (Mr. Fairweather), have views which are similar to ours.

In elaboration of this question of the Prime Minister's office having a secretariat, I hope that one of the balancing things will be to see that our Committees are given more power or, in effect, a permanent secretariat. If we do give the executive the ability to do a better and more intensive job in relation to a legislative program in particular, rather than an administrative program, it seems to me that the House will have to get its compensations in terms of checks on that kind of power by having stronger and more powerful committees.

[Mr. Fisher.]

The next paragraph in the Speech deals with the question of promoting strength and unity in the Canadian federation. In my view, this is what you might call a "nothing" paragraph, since it takes us into no new suggestions of policy but just carries on the standard Liberal line adopted over the years. I read their first platform put out in 1894, I think it was, and it talked about national unity, how great it was, and how the Liberal Party was the vehicle for its expression. We are still getting the same kind of platitudes and I suppose it is as shopworn now as it was in 1917, or 1935, or whatever the case may be.

We also have a reference to amending the Constitution. The only comment I make here is, in a sense, a prediction. I would like to predict that we will not get the opportunity in this session to deal with the Constitution. I will predict that on the basis that Mr. Lesage, the Premier of Quebec, will lose his nerve.

Mr. Winkler: And his seat.

Mr. Fisher: Maybe his seat. But the Premier of Quebec will call off the Federal Government, and I can already see why. As far as I am concerned this is one of the least significant items, if it is a positive one, in the speech, because I do not believe that it will go through in this Session of Parliament.

The next paragraph does refer to amending the constitution, and I assume that if that were split off with the other aspect of it, it would have a fairly easy passage and receive general approval.

The next paragraph is:

> You will be asked to authorize my government to provide that "O Canada" shall be the national anthem of Canada and that "God Save the Queen" shall be recognized as the royal anthem in Canada.

This is a subject which is in accord with the majority of Members drawn from all parties. I find it a logical follow-up to the flag achievement, which in my opinion is the greatest achievement the present Prime Minister has made. Even though my party was certainly critical of the way it was introduced I think the majority of us, although I am speaking for myself, felt that in many ways at least the persistence and leadership given did give us something which I personally take a great deal of pride in; and I think an increasing pride on the part of my constituents is being taken in our new flag.

The next paragraphs refer to economic growth, and we get into this poverty business. There have been a number of snide remarks about the copy-cat aspect of this

particular program, particularly relating to the United States scene. I have read practically everything the present Prime Minister has written and I do not think I am giving away any secrets when I say that he is not a man of ideas. He does have an eclectic approach to things. In a sense, he is a packrat who picks things up where they are. There is nothing wrong with this. It seems to me that if we had to wait for the virtue of a completely new idea we would be lost and would never get anywhere. I would agree with the hon. Member for York South (Mr. Gelber), who made this point.

What bothers many of us is that, like so many of the previous ideas, it borrows a kind of marketeering aspect from the United States. In other words, it was a good gimmick there in the political sense, so the Government say they will transfer it here. I think back to the truth squad, that noble effort headed by the present Minister of National Health and Welfare (Miss LaMarsh), which again was a copy of an American device. It is this very matter of phrasing which is more bothersome, rather than trying to achieve the same goals President Johnson is trying to achieve with his war on poverty.

Another item in this part of the speech which intrigues me is the Government Area Development Program, which has already been of substantial assistance to industrial expansion in areas of high employment. This program is going to be extended. I should like to suggest that we created a new Department a couple of years ago, the Department of Industry, and whatever its achievements in connection with the automobile industry have been, its greatest failure has been in area development. We have the greatest collection of high priced, able civil servants, as far as I am concerned, sitting in a void with regard to area development.

I represent one of the great undeveloped areas in this country which is definitely an economic region and considered so by the Province of Ontario, but they have not even listened to us. I have a letter here addressed to the Minister from the Northwestern Ontario Development Association dated April 9, 1965. This letter welcomes the statement on area development, and in the context you will see that 15 months ago the Minister replied to their representations, in effect giving them the brush-off by saying that perhaps in a couple of months the Government will do something. I know many Members in this House, particularly on the Government side, are fed up with this policy, this attitude of delayed indifference to area development. As far as I am concerned I welcome this paragraph, but I am wondering how we are going to get it, given the foot dragging and indifference and lack of idealism of the present Minister of Industry (Mr. Drury). It does not make sense to me.

I suggest that one of the things which needs to be done—and I hope some hon. Members over there will withhold their applause for a moment—is to get a new, idealistic, driving Minister of Industry into the Cabinet, which will be necessary if we are going to have a real area development program.

I should now like to refer to measures to assist the re-employment of workers displaced by automation, and the question of workers moving to new jobs. I have enough experience—I suppose this is the case with almost every Member with a large Unemployment Insurance Commission office in his area—to know that the greatest weakness of our unemployment service and our National Employment Service is the fact that the majority of Canadians do not understand them.

• (7:20 p.m.)

There was a survey carried out by the Ontario Economic Survey Council, which was recently published, with regard to unemployment in our area. We discovered that less than 15 per cent of the people who were unemployed or were recently unemployed were really informed about the opportunities open to them under existing legislation. One of the difficulties is that the legislation is so complicated and so lacking in interrelation that the people who administer it are never very constructive in its use. I certainly welcome this particular intention and I only wish we would get a clear outline from the Minister of Labour (Mr. MacEachen) with regard to it.

I do not take seriously this little spat he had with the Economic Council of Canada. After all, he was just defending his senior Ministers whose wisdom, I suppose, was called in question by the Economic Council's criticism of the manpower policy. But I can give all kinds of examples to demonstrate that this manpower policy is crazy. The railway run-through situation is one, where we had a wildcat strike and 2,800 men walking off the job, and a special inquiry had to be conducted. A development in that situation was that the Minister of Labour was advised,

or knew, that trouble was coming and he did not even have enough power or initiative to stop the Acting Minister of Transport from letting the railway go ahead with this unilateral action that was bound to lead to trouble. We did not even find any use then for the Manpower Consultative Service and as a consequence we had, in effect, a strike, we have had a long, expensive inquiry; and the actions, it seems to me, of the railway and the Ministry at that time are just indefensible in the light of what has appeared before that inquiry. I argue that as another point to indicate that we really need something in the area set out in this paragraph.

We are going to be given a fund for rural development and closer integration of ARDA. Again I welcome this. But one of the things we find in Ontario—and this is no discredit to Herbert Crown, who is the Ontario head of ARDA—is that we are not able to get a quick response and citizens are not able to get a quick response that gives them any leadership from the Federal Government in this matter of ARDA. I know that the response often is—it is from the Minister of Forestry (Mr. Sauvé)—that the Province has to take the initiative. I am sick of programs where the Province has to take the initiative and where the Federal Government has not enough leadership to get in and determine where projects can be started and worked on. I am sick of the fact that in ARDA you have this peculiar relationship of Municipalities, the Provincial Government and the Federal Government, with the Federal Government unable to give a very strong lead. I would hope that for an effective ARDA program this is remedied. This is why I will live in some hopes with regard to that paragraph.

Next, we are going to have this Company of Young Canadians. I suppose the first famous company in Canada was the Company of Good Cheer; the next one was the Hudson's Bay Company, often referred to as "Your Company". I think the idea of the use of the word "Company" has a certain amount of Canadian tradition behind it. I don't know whether it will develop into very much. I think the potential is here amongst our youth. I think all of them are looking forward to the opportunity of travel and getting out of the country. I think we should have a Company of Youth working on Canadian projects within the domestic framework. I think that a year in some kind of work within Canada should almost be a basic requirement before anyone in a Company of Canadian Youth has the opportunity to represent us and work for us abroad. It seems to me this could be a very imaginative program. I look forward to seeing what kind of statute arrangement it has, particularly with regard to who is the leader.

I have heard that one of the hon. Members from Quebec, the hon. Member for Châteauguay-Huntingdon-Laprairie (Mr. Watson), has been very instrumental in pushing this program, and I would like to give him credit for it; because if, as I have been informed, he is in a sense largely instrumental for getting the idea in front of the Government, he deserves credit for his persistence, because he suffers under the disabilities of not having been here very long and also being very young—and I know they are sometimes qualities that do not help when you are trying to impress the Ministry.

The next item that I find of interest, and which our Party thoroughly welcomes—particularly because the Prime Minister gave an elaboration of it in his speech—is this question of filling in the welfare assistance program in this country.

The next item is related to the Special Committee on Food and Drugs. It does not seem to me it is anything we are either going to get excited about, since it has already been in progress, or we are going to get discouraged about, because it is unlikely to come up with anything either very exciting or constructive.

The next section deals with farming. I was interested to hear the speech of our absentee landlord, or whom I might call, referring back to one of my earlier comments, the absentee whiner. I have never heard a man who spends less time in Parliament and yet can go outside of it and whine more about it than the Minister of Agriculture (Mr. Hays). He shows a facility when he is speaking in his own vernacular that I cannot help but admire. I only wish he could read as well when he gets into the House on those rare occasions when we see him.

The item I find most promising is this question of the Immigration Act and immigration policy. I have been finding that promising for the last eight years, ever since I came here. Every Minister is going to do something about it. I only say to my colleague the hon. member for Fort William (Mr. Badanai), who is working as a Parliamentary Secretary, that I know he has some ideas that could do something and I would just like to tell him, with all due respect, that I hope at last this is the Session that some of those ideas bear fruit, because I think many of us are getting very

suspicious of this failure to conform. I know that the hon. Member knows, as I do, that the procedures and attitudes are in many cases inadequate. One of the points I notice here—

The Acting Speaker (Mr. Tardif): Order, please. I regret to inform the hon. gentleman that his time has expired.

Some hon. Members: Carry on.

Some hon. Members: No.

• (7:30 p.m.)

[*Translation*]

Mr. Gérard Loiselle (St. Ann): Mr. Speaker, at the beginning of my remarks I wish to challenge the remarks of the hon. member for Port Arthur (Mr. Fisher) who, during the first ten minutes of his speech, endeavoured to reactivate and rehash all the supposed scandals which were blamed on the present administration. I think this is merely a storm in a teapot. I will soon start reading the book entitled "Douglas in Saskatchewan." I am told that it is better than "The Renegade in Power" written by Paul Newman. I am anxious to read it because it seems to be very interesting. I cannot pursue the same line as the hon. member for Port Arthur who tried to demolish the Speech from the Throne. Knowing him as we do, we could hardly expect him to congratulate the present government.

May I now add my congratulations to those addressed by the previous speakers to the mover (Mr. Cashin) and the seconder (Mr. Chrétien) of the address in reply to the Speech from the Throne for the brilliant and eloquent way they discharged their functions.

We already knew that they were gifted; we were convinced that they would do their duty honourably. Their constituents must be proud to have elected men of that caliber to represent them in the house.

Most newspapers, Mr. Speaker, are practically unanimous in stating in big type that this speech from the throne is one of the most comprehensive ever presented by a government. It is true that it deals with all sectors of national activity.

Special mention is made in this speech of international and domestic matters, in the economic and industrial as well as social fields. Every field is mentioned, which prompt certain members of the opposition to suggest it is an electoral manifesto. Whether it is or not, one fact remains: the government is ready and willing, after due consideration, to submit to this house the legislation required to improve living conditions in all fields. It is a frontal attack on all problems facing the Canadian citizens and what pleases me most, it is a war on poverty that the government is determined to launch. On the whole, about 30 different items are put forward in this speech.

Mr. Speaker, I am happy to belong to a team which gives the people of Canada a government which is concerned with the welfare of its citizens, which has the courage to face all the problems which Canadians, young and old, have to face.

In the course of my remarks, Mr. Speaker, I intend to comment on only two or three of the main items in this impressive speech.

One of the proposed measures deals with the need to reform the procedure of the House of Commons so that the legislative work can be done more quickly. We all know in what atmosphere this house has worked over the last 12 months and, personally, I am not proud of it.

In spite of the foul punches it got and the obstruction and delaying tactics it had to put up with during the last session of parliament, the government did more for the advancement of Canada than any of its predecessors did for a good many years.

Very often during the last session, long and useless speeches were made for the deliberate purpose of impeding the proper functioning of this house. For the past several months, in talks on the radio during the program "Report from parliament hill", I have advocated a change in our rules which is called for now more than ever. One thing which proves it clearly is that everyone has heard certain members of the opposition state, when they were asked about their impressions on the speech from the throne, that parliament now has worked for two years to come.

The government has certainly work for two years to come if things go the way they did during last session. I would not perhaps say two years but more; this is why we should amend our rules.

A maximum of eight days is now provided for the throne speech debate and a maximum of six days for the budget debate. Why could the same time limit not be set for the discussion of other government legislation? I am in favour of freedom of speech, but freedom of speech of certain persons or groups must not interfere with the freedom of action of the government.

A government is elected with the assent and consent of the people. The people who elect all members of the house have no use for dull speeches which do nothing to improve legislation. What Canadians want is serious work, painstaking so that all may benefit by the legislation which the members of the house are called upon to vote. If the present government proposes legislation that is not in the interests of the population, it will be up to the people, at the next election, to express their views on the laws already voted and on the measures the government will have brought before the house. In other words, I eagerly hope, Mr. Speaker, that, upon our return from the Easter recess, the question of procedural changes will be brought before the house.

One of the major concerns of the Prime Minister and the members of his party, is national unity. All the actions of the government during the last two years prove it. In the speech from the throne we find that same interest for unity which, in spite of the opposition of some people, and some groups, will shine brightly and forever.

As soon as this government was elected to office, after the election of April 1963, there was a sigh of relief in anticipation of the future, of happier days compared to those we had lived through in the recent past.

In fact, everyone can notice—even those who do not support the government, those who, for the last two years, have been criticizing, rightly or wrongly, any legislation proposed by the government—an expansion of trade, an increase in salaries, an increase in our exports, which is but the beginning. It is said that figures do not lie; let those who are prompted to criticize look at those figures. They will see for themselves a substantial increase in all areas.

Mr. Speaker, another matter which is of great concern to me is unemployment. Although unemployment is at its lowest level for years, the government does not think that the problem is solved by any means. We know that the percentage is still too high. That is why the government is taking steps to remedy the situation; it shows its willingness to take action in order to reduce the number of unemployed. Unemployment is now at its lowest level since 1957.

In the field of industry, there has been new expansion for the last two years. The forecasts are to the effect that 1965 will be one of the better years yet.

[Mr. Loiselle.]

• (7:40 p.m.)

As far as old age security is concerned, the situation has improved. I admit that it could be better than it is now, but in any field progress must be gradual. "In order to give with one hand, one must have something in the other".

Even if in the last two years of the administration of the business of the country, progress and a better social security have been achieved, even if all spheres of our Canadian society have known, for the last two years, a better lot, this government, aware of its responsibilities, admits in its speech from the throne that there is much to do. Here I would like to quote a paragraph to that effect:

> Our country is achieving a higher rate of economic growth. Trade is expanding. With growing industrialization, Canadians are enjoying rapidly increasing employment opportunities; incomes and living standards are rising; the number of people out of work has been reduced to lower levels than for many years.
>
> All the great potentialities of our economy are not, however, being realized. The talents of some of our people are wasted because of poverty, illness, inadequate education and training, inequality in opportunities for work. To combat these problems, to improve the opportunities of people who are now at a disadvantage, is to put new power into economic expansion and to enhance the unity of our country.

Some have criticized those who express an awareness for those problems still facing our country, but I do not see anything wrong with the admission that, despite our many achievements, there is still much to do in order to provide better living conditions for one and all and not only for a part of our society. It is a recognized fact that a part of the population has much difficulty in finding work necessary to meet their needs, due to automation and their lack of training to adapt to our modern industries.

Being the representative of a working class district, one of the oldest wards of Montreal, I am aware of the difficulty workers experience in finding employment. I welcome the proposals announced in the speech from the throne to correct this situation. I hope that all my hon. friends, being aware of the seriousness of this problem, will support this legislation which will tend to the welfare of the working class.

The worst tragedy for the head of a family is to lose his job or to be unemployed; this prevents him from providing for the needs of his family and he suffers even more when he is forced to refuse to his children certain amenities which their friends have. Knowing the problem and its effects on society, I wel-

come the action of the government which is determined to tackle this matter. It is a fact that, rightly or wrongly, too many people do not realize why they are unemployed. They expect that the higher level of government will provide them with the job they want. There must be co-ordination between the municipal, provincial and federal administrations and also suggestions of reforms by large and small businesses to correct the social evil of unemployment.

These last few years, the winter works subsidized by the federal government have contributed to reduce the number of jobless in winter. It is the duty of every administration, whatever its level, to provide for the future of our workers. At present, unemployment strikes those who have not enough education or no trade, the so-called labourers.

The city of Montreal is going through a period of fantastic development in the field of building, road and subway construction and the preparations for the 1967 world fair. In spite of all that activity, the unemployed who do not have the necessary training to adapt themselves to modern equipment cannot find work to provide for their needs, for their own welfare and that of their families. Consequently, I am happy to foresee better times for all those who will benefit from the action the government intends to take in that respect.

In another field, Mr. Speaker, the Speech from the Throne states that the government will give special consideration to the problem of urban renewal in several communities.

I have always been concerned with that and, during the very first session I had the pleasure and the honour of representing my constituents here, I considered it my duty to call it to the attention of the government then in power. On several instances, both here and at the municipal council of the city of Montreal, I mentioned that question which is of vital importance for the people of my riding. As a Montreal alderman, I sat on the committee which prepared and realized the only low rental housing project in the province of Quebec and which was carried out in Montreal under the name of "Habitations Jeanne-Mance".

On many occasions, I stated publicly my regret that no other such project has been executed since. All those who are familiar with Montreal know that the administration must face that problem. Renewal projects should be carried out in several parts of the city, and I could add especially in my riding. As I said previously, the problem of urban renewal in Montreal is of such scope that to make a complete job of it, that is to expropriate, demolish and rebuild, it must be tackled on a 20 to 40 year basis, at great expense to the city.

I now raise the problem of urban renewal in Montreal, knowing that the minister responsible for C.M.H.C. is fully aware of it. He even held discussions with the Quebec minister of municipal affairs and with the municipal authorities on the subject. The town planning division of the city of Montreal, composed of competent men, has been making thorough studies for more than a year to promote the type of renewal most appropriate to the present needs of Montreal.

This renewal program now proposed by the city council has been known for some time, but it has some special characteristics, in that it does not comply with all the beneficial provisions of the C.M.H.C. legislation. Therefore, I intend to submit this problem to the House in order to suggest amendments to that legislation so that this program might be carried out.

The renewal program suggested now by the administration is brand new and it is, I think, the only one to have ever been proposed by the municipal government of any city in North America. What allows me to bring this problem to the attention of the house is the fact that the area now designated for renewal is located in the municipal district I represent at City Hall; besides, the major part of that area lies in my federal riding and that of my colleague from St. Henry (Mr. Lessard). This pilot area covers 265 acres; it has been called "Petite Bourgogne". After all the necessary inquiries and studies required under the C.M.H.C. legislation, it has now been recognized as a renewal area by that corporation and by the Quebec minister of municipal affairs.

It is of the utmost importance that some amendments be made to the Central Mortgage and Housing Corporation Act to encourage the renewal which is so badly needed in Montreal and to ensure at the same time the welfare of all those families who live in the said district. An agreement has already been reached by the corporation's office and the municipal administration, and the city has already taken advantage of the act to set up in that area two new recreation parks.

Unfortunately, with the passing of time and due to circumstances, that 265-acre residential section had only one very small park

which will be expanded, and the creation of two new parks in that area augurs well.

I rejoice also at the fact that the amendments made to the Central Mortgage and Housing Corporation Act last session made possible the beginning of that renewal project called "Petite Bourgogne".

• (7:50 p.m.)

Everything leads to the belief that, very soon, the government of the province of Quebec will establish within the municipal commission a department which will be responsible, as in other provinces, for promoting urban renewal in municipalities and towns of the "belle province". Such department will be able to offer to the municipalities and towns willing to avail themselves of the benefits of the Central Mortgage and Housing Corporation Act the co-operation and the financial contributions of the government of the province, which are essential to the success of any program of urban renewal.

Such renewal program, presently put forward in the city of Montreal, will be for the province of Quebec a prelude to improvements for several municipalities interested in this matter and, especially with the help of the government of the province, other similar programs will very soon be implemented in several areas.

I would like to give some particulars about the area picked out for renewal, in Montreal, which will indicate the importance and the need to act, and to act quickly.

For instance, it has been found after a survey had been made in the area chosen, that 84 buildings had been built prior to 1874. The whole range follows: Between 1875 and 1884, 347 buildings; between 1885 and 1894, 430; and among the most recent constructions, 16 were erected between 1935 and 1944; 35, between 1945 and 1954; and 20, between 1955 and 1964.

Out of a total of 1,495 buildings, in this area, 1,281 had been erected prior to 1914. Needless to say that these buildings no longer meet today's requirements. This proves immediately the urgent need to renew this area and, also, an urgent need for provincial and federal assistance.

Even with such assistance from higher level governments, the city is assuming a heavy burden for the municipal budget. The magnitude of the additional charges imposed on the Montreal taxpayers are an added responsibility.

The alarming aspect of the situation, which creates an urgent necessity, is the fact that for the last 20 years, the resident population of that district has been decreasing from year to year. The area to be renovated is only a few steps from down town and it will become one of the best residential sites for those who want to take up residence there. I am therefore pleased to note in the speech from the throne that special attention will be paid to the renewal of the blighted and congested areas, which will promote the welfare of the residents.

Finally, the object of urban renewal in that 265-acre area can be carried out in seven stages: 1. Redevelopment of some small islands; 2. Demolition and reconstruction of some buildings on various small islands; 3. Restoration of houses which may be economically repaired; 4. Application of measures for the preservation of buildings in good condition; 5. Low rent housing; 6. Necessary adjustments to the infrastructure of the area; 7. Adequate collective equipment.

All this cannot be paid for by the taxpayers of beautiful Montreal without federal and provincial government assistance.

Needless to continue to prove that such renewal is necessary; it is a moral obligation and, in this connection, I should like to make the following suggestions to the minister responsible for Central Mortgage and Housing Corporation, so that this renewal be carried out expeditiously without neglecting renewal of other areas where it is equally warranted.

It would be advisable, in the future, in order to speed consideration of each new area so that it may be approved by both the department of municipal affairs of Quebec and Central Mortgage and Housing Corporation, that the Montreal district office, responsible to the corporation, be empowered to approve a definite area, after having summarily examined the site, without waiting, as the act requires today, for every examination reports to be submitted. This would help speed up renewal of future areas. Furthermore, the act should be amended to favour such renewal: 1. By accepting the principle of grants for renewal purposes; 2. —grants for demolition and rebuilding; 3.—grants for rents.

In the latter case, it is a monthly grant intended to make up for the rent, the value of which would be determined by the difference between the rental value roll of the city of Montreal and the rent an individual may pay according to his income.

When considering the high cost of urban renewal, we should also take into account that price is no object when the welfare of

almost half the population, the normal development of family life and liberty of community life are involved.

In concluding, Mr. Speaker, may I touch lightly on the project for a harbour station in the city of Montreal.

When the main estimates were tabled recently by the Minister of Finance, an amount of $1 million was provided for the construction of a harbour station in Montreal. This need has existed for several years. At the present time, passengers have to embark and disembark by going through sheds that are being used as warehouses. Such a thing is inconceivable, especially when it happens in this country's metropolis. The building of a harbour station in Montreal is urgent; we have heard about it for years and now we have almost reached the goal.

I should like, at this stage, to emphasize certain facts which would favour the building of this harbour station at the lower end or in the vicinity of McGill street. Other places have often been mentioned, but I do not think there would be a more appropriate place than the southwestern part of Montreal, namely on the western side of the harbour; it would be the ideal place, a short distance from the centre of the city, from hotels, department stores, railway stations, the entrance to the world fair or from the approach to the bridges giving access to all the main highways in the province.

I have in the past made representations to the proper authorities, and I wish to state that I hope to see that harbour station erected in the southwestern area of the city of Montreal which is in every way an ideal location.

I trust that in the very near future the Government, through the Department of Transport, will announce the site selected for the construction of that station.

Before I conclude, Mr. Speaker, I hope that all the members of the house, as representatives of the people, will promote their welfare by supporting all the measures proposed in the throne speech, in order that all Canadian citizens may be happy and proud to live in that beautiful and great country of ours.

Mr. Robert Beaulé (Quebec East): Mr. Speaker, if the house is ready for the question, I will be pleased to co-operate.

Some hon. Members: Question.

Mr. Beaulé: As we have not reached unanimity, I will make a few remarks on the address in reply to the speech from the throne.

As usual, I associate myself with those who preceded me in congratulating the mover and the seconder of the address in reply to the speech from the throne, the hon. member for St. John's West (Mr. Cashin) and the hon. member for St. Maurice-Laflèche (Mr. Chrétien) for the way in which they carried out their task.

• (8:00 p.m.)

We read the speech from the throne very closely and several members, especially on the government side, seem very pleased with it.

The people are wondering if we are not slowly moving toward socialism with all the measures proposed in the speech from the throne.

As stated in that speech, the provinces will be called upon to approve an address to the Queen to allow for the amending of the constitution in Canada. That constitution was written a hundred years ago by people who were not Canadians, adopted by others who were not Canadians, kept by others who are not Canadians; as a nation, we have reached maturity and are able to shoulder our responsibilities. Why not leave that constitution where it is and write a new one taking into account the needs and aspirations of Canadians and remembering the two nations that built Canada.

I need not list all the points which, in our opinion, should be included in the constitution, because in my speech on the supplementary estimates during the last session, I dealt with those four points. Besides, our leader set them forth very effectively in his speech.

We learn in the speech from the throne that the government intends to set up a federal public welfare program. At the end of last session, the house passed Bill No. C-142 enabling the provinces to opt out from joint programs.

This legislation has been enacted only a few days ago, and the government has already decided to intrude in the provincial field and, what is more, this time under the pretext of helping the poor. Once again, the federal government is undermining provincial autonomy. Every attempt is being made to violate the constitution.

On many occasions we took a firm stand against the federal government when it inter-

fered in provincial fields and we intend to keep on doing just that this session.

If we want a strong Canada, a united Canada, a prosperous Canada, if we want to create a climate of unity in Canada, the federal government must stop infringing upon provincial jurisdictions; only then will we be able to say that a giant step has been taken toward unity.

Another item which caught my attention and that of all hon. members, is the one advocating war on poverty.

It is very difficult to understand how the Prime Minister will be able to declare war on poverty when the Premier of Quebec decides to fight to add new burdens to family budgets, particularly those of the Quebec workers.

How do you want to fight poverty with a premier, as in the province of Quebec, who levies taxes at will? Who is going to be affected the most by that new taxation other than the labour class?

In Ottawa, they have finally realized that there are, in Canada, some poor and destitute people. The government has just realized that action was necessary to fight hardship in Canada. While here in Ottawa they are getting ready to introduce legislation to cope with that ticklish problem—and we are anxious to know what kind of legislation the house will be called upon to discuss and vote—the Quebec premier, has not yet realized that there is hardship in Canada and also in his province.

In his ivory tower and in his jet plane, his head in the clouds, he drops a bomb filled with taxes on the province of Quebec.

If that is what we mean by fighting poverty and hardship; if that is what we mean by helping the little people and commiserating with the poor, then I am wondering if we are not laughing hypocritically at the people.

If the government really wishes to fight unemployment and poverty, it must enact spectacular measures, proclaim a broad public works program, reduce income tax, increase family allowances in keeping with the rise in the cost of living, increase veterans' allowances, raise the basic exemptions of individuals and grant a pre-salary to students.

Mr. Speaker, such spectacular measures would give a great impetus to the Canadian economy and increase our purchasing power.

Why wait until another war breaks out? We are asking the government to do in peacetime what it can do in wartime to the advantage of the Canadian people.

[Mr. Beaulé.]

The first report of the economic council of Canada was published a few weeks ago. It is an important survey of the Canadian economy and I do hope that it will not rot on the dusty shelves but that the government, the labouring classes and the business men will go through it and take appropriate measures.

In this report, the council is endeavouring to determine objectives and practical purposes for Canadians so as to secure, as much as possible, full employment, a fast rate of economic growth, price stabilization, to bring the balance of payments back to normal and to provide for a fair distribution of revenues. The thing to do is not to concentrate on one of those objectives, but to make all the necessary efforts in order to reach them all.

It is essential, I think, to secure a balanced development of the economy.

We have here in Canada specific problems that are not to be found elsewhere. For instance, in the field of labour we record a larger increase than any other industrialized country.

If the government wants to prevent the rise of unemployment above 3 per cent, it should endeavour to create 1,500,000 new jobs by 1970. To reach that goal, the Canadian economy will have to expand quickly and tremendously.

Another point contained in the brief, which is not the least, is the tax problem. If we reach our objectives, obviously, government expenditures will increase.

But the Canadian economy should expand more rapidly than government expenditures and, in this way, bring about a rapid and considerable increase in income, which would give the government the long awaited opportunity to alleviate the burden of taxes while spurring on the economy of the country.

This report from the council is not a planning report but one in which it is trying to place the facts in their true perspective. I hope the government will duly consider this report.

I will now deal briefly with our relations with foreign countries.

What action will the government take regarding economic and cultural pressure exercised by the United States which we have heard so much about? It is high time we thought about it and prepare a plan of action. Is it necessary or desirable, in present circumstances, to divorce completely and drastically our economy from that of the

United States? Is it possible? Have we the necessary determination, courage and understanding to take decisions in this matter and abide by them?

What about our relations with China, Russia and other communist countries becoming important outlets for our wheat and other farm products, countries also interested in our industrial production? Can we carry on business with Red China while refusing to recognize its political existence?

What about our responsibilities toward the United Nations, NATO, GATT and other international bodies to which Canada belongs?

Considering the rapid economic, political and military evolution of the world today, Canada should be able to act quickly and firmly to protect its own interests and fulfil its commitments on the international scene. Are we so much preoccupied by our domestic problems, our regional and local issues, that our capacity to take some decisive action at the international level is hampered? Of course, those are questions which cannot be answered forthwith. However, they underline the complex problems and the difficult alternatives which are facing the country today.

• (8:10 p.m.)

On the other hand, we are in a better position than ever before to create an economic and cultural climate favourable to all Canadians and to contribute to a considerable extent to peace and welfare in the world. Let us not forget that our problems must be faced and solved by a mature and united Canada having faith in its destiny.

Mr. Speaker, there is now another problem of tremendous concern to several members, organizations and Canadians: it is the peaceful revolution taking place in Quebec, and the Ralliement Creditiste has something to do with this ferment.

Whatever the Anglo-Saxons in our province might say, we are not extremists. And our so-called extremism is not, any more than history, the reason for our disagreement.

I am not aware in my time of a stranger and more appalling phenomenon than this desire to depreciate us morally and to accuse us of all the sins under the sun especially those we are not responsible for.

Our people have certainly been hurt and harassed in the last 150 years. We have often been deceived, humiliated and oppressed. But we can proudly assert that we have remained free from hate.

We have never given back blow for blow. We do not entertain the slightest desire for revenge, we only want our little share of justice.

Nothing will be changed as long as no decision has been made to go to the root of the problem.

The first charity English and French Canadians owe each other, the prerequisite to good understanding is frankness.

The two races do not agree because one wants equal rights provided that it gets the lion's share. Deep down some English Canadians do not want to recognize and accept the French fact.

It is no longer necessary to wonder how the right to think, to feel, to act as French Canadians becomes in some people's opinion narrow provincialism.

Each time one of our rights was challenged, some of our political leaders asked us, for the sake of peace and national unity, to give up part of our heritage. And, for the sake of peace and national unity we yielded every time.

There was always members of Parliament, senators, ministers charged with rallying their compatriots, to take away from us, shred by shred, our heritage and our dignity.

Political history since confederation tells us that most of our so-called great men were primarily yes-men.

What remains to be done? We do not have to prove that we want national unity in Canada more than anybody else, since we have made more sacrifices for it than anybody else. We always keep our hand open and outstretched, but we no longer outstretch a limp hand to be crushed.

We do not refuse to co-operate, but co-operation must be mutual. Our co-operation is no longer inspired and directed by the slavishness of parties, but by the interests of the province and of our nation when those interests do not conflict with the general interests.

Let us be strong and conscious of our geographical position. In 1867, confederation would not have been possible without us, and we are still indispensable to the maintenance of confederation. We are the bridge linking east and west.

On the St. Lawrence we have the most beautiful harbours, and railway lines must go through our territory. The province of Quebec affords air lines their easiest landing fields.

Our lands are the best in Canada and in America. Let us no longer offer this wealth to foreigners for a mess of pottage.

Let others day in and day out inveigh against provincialism.

To sum up, we will be respected the day we have our economy well in hand.

Before I conclude, Mr. Speaker, I should like to quote an excerpt from an article by André Langvin which was published in the April 1965 issue of *Le Magazine Maclean* concerning the fame of our national institution:

It is obvious that all those turpitudes have fostered some sort of fatalism which, like a cancer, eats away at what we are bound to call our national conscience. That is the worst that could happen to us because to believe that, as an ethnical group, we can only engender dubious politicians or that the latter are such only because they come from our group is to believe that immorality in public affairs is connected with a biological phenomen.

Then, any attempt at cleaning up becomes an illusion and, worse still, seems to be the typical gimmick of the system. When our young men and women say openly: "All politicians are alike, they are only interested in making money", it is not so much the cruelty of their statement that is shocking as the kind of cynical submissiveness behind such a statement; it is a terrible admission of helplessness.

Therefore, on the one hand, those young men and women must be convinced that they will not necessarily inherit a sort of original sin, because there is no collective guilt and, on the other, that they will be encouraged to fight a rotten system instead of accepting with resignation the fact that it will only produce dishonest politicians. The system did not only permit this avalanche of scandals where so many of our fellow citizens were involved, it also encouraged their proliferation: a system which gives hidden powers to those who fill the electoral coffers, which forces the representative of the people to act as go-between in order to obtain preferential treatment, for his supporters, which stuffs the Senate and the legislative body with directors of large companies, which leads dozens of lawyers into conflicts of interests, confusing their duties as members of Parliament and their duties as professional men, permitting so many officials trained in government service to take advantage of their contacts and of their knowledge to secure employment with private firms, and which, finally, makes so many appointments and requests for services to the state dependant upon political allegiance.

All this of course can be remedied and legislation can be passed regarding all those matters in order to establish standards giving less leeway to elastic consciences. Every political party should be made to show the amount of its funds and the nature of contributions. Nobody will really believe in a complete reform of the provincial Liberal party as long as the Premier is against transferring the full and open control of the fund to members of the federation. The administration can be brought closer together, geographically as well as humanly, and a control agency could be created to which any citizen could appeal who considers himself wronged. Senators, legislative councillors and members of parliament could be forced to declare publicly their sources of income; the nation is too generous with them that they might consider evading a mild obligation such as this. High officials might be prohibited for some time to enter the service of a business dealing with the department where they were employed. Finally, a non-political organization might be created to scrutinize the appointments made by the government and the list of persons called upon to render service.

It might be argued that this would hinder greatly the politicians and civil servants, and that this would be demanding more from them than from ordinary citizens. But whoever chooses to serve in the public service chooses also to be responsible for his actions, and the nation expects him to obey this code of ethics. The fact that this code is written in part can only reassure him. It is only at this price that the function of the politician will be revalorized, that we will escape this false collective guilt some are trying to pin on us, and that our young people made cynical by various happenings will be convinced that democracy does not necessarily mean corruption.

[*Text*]

Some hon. Members: Question.

Mr. J. B. Morison (Wentworth): Mr. Speaker, in the interests of brevity may I quickly pass over the traditional compliments on the excellence of the members' speeches, with the suggestion that we remember what has been said over the last seven days, and in the days to come try to live up to the ambitions which have been expressed. If this is the case, I am sure that the sentiments expressed earlier this afternoon by the hon. Member for Royal (Mr. Fairweather), that the opinions of this House have possibly been overlooked by Provincial-Federal conferences in the West Block, will not be overlooked in the future. If we can contain ourselves and express ideas, instead of just making noise, then we will make a contribution to the Government of his country.

The Speech from the Throne dealt with many problems of the day and proposals for higher standards of living, proposals which will affect the lives of Canadians in all walks of life and in all areas of this wonderful country. I intend to touch on just a few of them which I feel are most important to my constituents and to Canadians of the nation.

First, I would like to draw hon. Members' attention to a lecture which was given by Mr. Peter F. Drucker, of the School of Business at the University of Toronto, last March. Professor Drucker's remarks have been widely publicized in the Canadian press and have created great interest not only among industry but also the professions. His remarks dealt with entrepreneurship in business. He stressed that certain companies do well year after year, that they consistently

outperform their competitors in good times or bad. One of the chief reasons for this was entrepreneurship.

Entrepreneurship has a specific subject matter, a specific concern. It is effectiveness. Entrepreneurship is not concerned with efficiency; that is the concern of management, or we might say, in the case of Government, the civil service. It is the subject of managerial discipline. Efficiency attempts to do things the right way. It deals with quality, rather than the quantity of results and output.

• (8:20 p.m.)

Efficiency of course is not unimportant, but no business or government can continue to survive or give the leadership required of it because it is efficient. Unless it does the right things, unless it has a degree of effectiveness, it cannot live at all, no matter how efficient it may be. It is also true that a Government that does the right thing can tolerate inefficiency, it can tolerate abuse, and it can tolerate these things without suffering too much. Entrepreneurship, then, is knowing what things to do; it is not how to do them. Mr. Speaker, if the continued success of the Liberal Party over the last 30 years is to be attributed to a special ability, then surely that ability must be the art of doing the right thing.

Many Canadians have said that the Liberals were just plain lucky to be defeated in 1957. I believe there are a few Ministers on the front bench that can be excluded from that group. Many Canadians said that the forces of recession were building up and could not be stopped. They said it was a product of Liberal administration. Whatever the cause, whatever the case, it was a situation that had to be met. It was a time for entrepreneurial decisions; because unemployment was becoming a national problem at that time and it was top editorial material, instead of flags or furniture or fighting, interparty style. I remember a statement that was made by the Labour Minister at that time. I am thinking of the winter of 1961-62. As I remember, he said that the Government had done all it could; now it was up to industry to correct mass unemployment. Well, Sir, that lacks entrepreneurship; it lacks imagination; it lacks the art of being able to do the right thing. That was just one example, and there are many that I am not going to quote this evening because of the time. But, contrast, if you will, the simple move, the oh so effective move, the $500 winter building bonus. In one stroke winter unemployment in this country was well on the way to being licked.

There are other examples; the Columbia River Treaty, the Seaway project, the Crown Corporations and the Export Credits Insurance Corporation, the latter both being set up by Mr. C. D. Howe, with his exceptional flair for being able to do the right thing—possibly politics might be excluded from that. Each and every example I have given is one of doing what was required at the right time.

Mr. Pugh: You had better call an election, John.

Mr. Morison: The Unemployment Insurance Fund was an example of doing what had to be done. Unfortunately, through Government inefficiency, which I mentioned earlier—I am thinking of the previous Government, of course—its effectiveness has been hampered.

Let us look, Mr. Speaker, to entrepeneurship in the future; the proposals in the Throne Speech. First I would like to mention the lessening of international tension. I do not know what confidential advice was given to the President of the United States by our Prime Minister. In fact, I do not know if L.B.J. really knew he was getting advice—

Mr. Alkenbrack: Entrepreneurship.

Mr. Morison: —but I do believe that with the deft ability of our Prime Minister—and this is his forte—the message of doing the right thing got across to Mr. Johnson and I do believe that a contribution has already been made in the touchy area of international peace. Second, is the matter of the Conference of Commonwealth Prime Ministers to discuss the expansion of trade and the establishment of a Commonwealth Secretariat. We in this Government, Mr. Speaker, are vitally aware of the changes that must come in our trading pattern with Great Britain. For years past this great and bountiful mother country has favoured us at every turn with trading privileges; always giving, always asking very little in return. Today this generosity is no longer possible. England is struggling for her economic life, combating trade deficits, financial problems and inefficient production. We in Canada, taking only 12 per cent of her exports, contribute to almost 23.5 per cent of her trade imbalance. England can no longer afford to tolerate this situation and she must seek from us a new trading pattern.

I support our automobile agreement. In this vital segment of our industry there is the greatest opportunity for the increased employment of Canadians. But as we ratify this agreement, let us produce an equally brilliant plan so that the United Kingdom industries will not suffer; and if this is not possible, let us not be shackled by old ideas, by trading defeats in the past. There are new markets. Is industrial trade with the Soviet Union out of the question? They buy our wheat; why not our machinery and technology? Britain, France and other western countries have the major part of a new billion-dollar market that has emerged from Russia in the last few years. As I say, this is a new market. Why cannot Canada lead into new market areas and ideas, where success is to be found ahead of those who wait in hopes of an easier path?

Mr. Speaker, I cannot help but recall the many letters I received during the flag debate concerning traditional ties, allegiance to the mother country, the breaking of honourable connections. They were just words, Mr. Speaker. Our Government's proposal to form a secretariat to bring England and the Commonwealth closer together and work to their mutual advantage is more than that. It is constructive work. It is the ability to do the right thing, to seek accomplishment through deeds and not words.

We must be entrepreneurs if we are going to find the wealth necessary to finance our war on poverty, which brings me to my third observation. At the outset let me say that I am aware that in an affluent society, as we have in Canada today—the third wealthiest nation in the world; a nation which has an average income per capita of $1,800; a nation that is on the threshold of an ever more expanding and technically sophisticated economy—there is going to be a widening gap between the honest hard worker and those who are not—

Mr. Alkenbrack: Just words.

Mr. Morison: —or those who, for one reason or another, just cannot compete in the labour market.

Mr. Speaker, those remarks on the other side of the House almost make me wonder whether I should not be addressing my remarks to them.

Into this gap the three levels of Government, Federal, Provincial and Municipal, poured almost 4 billion last year, almost twice as much as ten years ago. I do not believe there are twice as many poor in this country or that they need twice as much welfare; but I do believe that a complete overhaul of our welfare programs is necessary.

• (8:30 p.m.)

Today welfare is a part of our society. It must provide the basic needs for its people or they will turn to socialism. We have had welfare programs of a spotty character for years. They have been expensive but they have not always been adequate. We needed family allowances in this country. We needed assistance to education if our labour force was going to meet the modern challenge. We must help the disabled, the blind and the old, or we will have a social revolution on our hands. But we must do this for another reason too, and business must understand this as well.

We must try to raise the standards of our people. If Government does not do this, business will suffer. Business, if consistently asked for charitable contributions to community chests, to universities and to all kinds of charitable enterprise to assist the needy, the helpless, the sick, will really wonder whether or not it is helping worthy causes. The Speech from the Throne recognizes this problem. The Government plans to review with the Provinces the whole picture of the welfare field. This plan is not to instal Socialism; it is to avoid Socialism.

I have not dealt with specific areas like the Labour Code, the Pension Plan or medicare. Perhaps I should, because nobody thinks that the Labour Code is perfect. The minimum wage is certainly not out of line and the hours of work provisions, generally speaking, are found in collective agreements, although there are some industries where they do not apply. The Minister has authority to provide the necessary exemptions in these cases, and I think he will do so.

The Pension Plan is needed, in my view, and too many people have no opportunity to help provide for their old age. The Pension Plan now provides for a minimum, and an employee in order to achieve this minimum will contribute less than $80 a year.

Medicare is a very involved subject. The Federal authorities cannot undertake it alone. This program must be developed cautiously, through experience and by working with the Provinces. It cannot be developed in a way which will slow down the economy, and in this regard we must be prudent.

My fourth observation deals with the agricultural segment of the population. It was

revealing to me when campaigning in rural Wentworth to hear on many occasions that old question: Why vote Liberal, they never do anything for the farmer. Not being a farmer or a student of agricultural history, I found this a rather difficult point to debate, especially when I knew the western boys were getting fat. Wheat payments were being made, and although the local press did not give that fact much publicity, the word did get around. On my next trip to the farms of Wentworth I will be able to refer to the many good things that have been done for farmers. Who is a bigger entrepreneur than Harry Hays? He knows what the farmers want and is impatient to have the Government carry out his programs. These programs will not be give-aways, but based on sound practical policies to assist the Eastern farmer to become a part of an efficient and profitable farming community.

Originally the word "entrepreneur" referred to a single individual, and we might still think of such a man as an isolated individual. On the other hand, as soon as an individual has attained the slightest amount of success, he builds an organization for continuing success.

Mr. Speaker, Sir Wilfrid Laurier said that the latter half of the 20th century belongs to Canada. May the Liberal Party continue to be the entrepreneur to fulfil this prophecy.

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, my hon. friend from Wentworth (Mr. Morison) indicated that he would be brief, but as it turned out he did not keep his promise. I assure this House that I will be extremely brief.

Mr. Knowles: This makes two Tory speakers in a row.

Some hon. Members: Hear, hear.

Mr. Winkler: I assure you, Mr. Speaker, that I will be brief because I do not believe that traditionally a supporter of the Government should conclude this debate. Perhaps that is not a good reason for speaking, but let me say that I do have a few remarks I wish to make.

At several points the previous speaker bragged about the Liberal record, particularly with reference to the $1,800 per capita income. I wish the Minister of Agriculture (Mr. Hays) had been present in the House when the hon. Member made that statement, because it is precisely in this regard that the Minister of Agriculture has failed as an entrepreneur. That Minister may know what the farmers want in some respects, but he has not manifested good sense as far as the incomes of Eastern farmers are concerned.

I asked the Minister a question this morning regarding the price of cheese. His reply indicated at least to me that the producers of cheese milk will receive less this year than they did last year. It is my humble opinion that the Government is making a determined effort to avoid supporting this particular segment of the dairy industry. One can only wait to see what will happen in this regard, but I hope my words will have some bearing on the Government's attitude toward the producers of this product in Eastern Canada.

The Speech from the Throne was an exercise in the creation of hypocrisies. The Government has brought forward a great number of promised programs, but it remains to be seen whether they will carry them forward in the form of legislation. The secret right now, as to whether this will happen, lies in the knowledge of what will be contained in the budget which is to brought down the Monday following the Easter recess. I am sure that if it contains as many hypocrisies as are contained in the Throne Speech an election is imminent. I am not afraid of an election, but realize that it is an old Liberal trick to fill the Speech from the Throne and the Budget with all kinds of promises in the hope that the electorate will believe in them. It is well known on this side of the House that some of the Ministers went out of their way a couple of nights ago to keep Members out of the House, with the hope that the Government would be defeated, and they would be forced to call an election.

Some hon. Members: Oh, oh.

Mr. Winkler: It was obvious that these Ministers wanted to go to the country, but could not convince the old guard that this was now a propitious time or that this was a good tactic. I think the Minister of Finance (Mr. Gordon), who is an enthusiastic individual, holds the key to this situation. He holds that key and we will wait to see what comes out in the Budget.

• (8:40 p.m.)

As I look over the items in the Speech from the Throne, Mr. Speaker, I note, as other Members have noted, the reference to the Government's war on poverty. This is a great big joke to me, when I think of the whole mass of Government members standing up and voting against $100 old age security for people 65 years of age and over, when they knew full well they could have done

so without charging the taxpayers one cent. This was possible. It was spelled out. Even my friends on the left voted against it, and that does not matter to me, but the fact is that now the Government talks about a war on poverty.

I said once before in the course of this session that if they want to come along with me and look at some of the cases I deal with on week ends they will see how people have to live on $75 a month in this Liberal Government high cost of living era. I hope the Member for Hamilton, whatever his riding is, or Wentworth, will take that home with him because he will have exactly the same experiences. If he had to live on $75 a month he might have decided to stand up and vote for the responsible amendment put forward by our party at that time.

Another thing that is very topical this evening is something that the Government missed. They have covered everything else. I think the Member for Wentworth said that the Government has recognized every problem, and certainly the Speech from the Throne would appear to cover every problem; but they have missed one. What the Government should have said in the Speech from the Throne is: My Ministers believe it is high time that the Press Gallery be removed from the Centre Block. Tonight the members of the Press Gallery have got their answer. They have got to get out. This would have been the fastest action that this Government ever took. I understand that the members of the Press Gallery were advised today that their time in the Centre Block is finished. I believe this is going to ruin a certain fundamental tradition around here which everybody more or less appreciates. I think arrangements might have been made to retain that particular facility in this building. However, the Government is acting in its usual dictatorial manner and it is going to fix everything and kick them out of the Centre Block. That is the fate of the Press Gallery this evening.

I promised to be brief, Mr. Speaker, but I want to make a few remarks about my constituency. The Speech from the Throne has indicated the desire of the Government to expand the development program for low income areas. No one likes to brag about coming from a low income area, but I have a letter here similar to that referred to by the hon. Member for Port Arthur. It comes from the Georgian Bay Development Association which encompasses a number of counties running all the way from Bruce right up to the top. I would imagine it goes right up to the Prime Minister's constituency.

The letter is signed by the president of the Association, a very well known Liberal in the area. He pleads with the Government to take action. He even thanks them for what they have set forth in their Throne Speech, and I will too if they carry it out; but this has not been the case in the past. There are a number of counties in that area, Mr. Speaker, that are eligible in every sense of the word to be named designated areas, but where do these designations occur? If the Government were acting responsibly they would take this entire area from Lake Huron right around to the north end of Georgian Bay and make it a designated area, so that at least the people would have the opportunity to offer something to industries that might come there.

Even the agricultural people of these counties, who are well known in almost every field of mixed farming endeavour, are experiencing a continuing decline in their income, and I have also mentioned that before in the House. They rarely reach the level of $1,800 mentioned by the hon. Member for Wentworth. He should come with me and see what these people have to say. Since this Government took office the incomes of agricultural producers in this area have gone down and down and down. We have these great promises in the Speech from the Throne and I hope the Government lives up to them. I will be one of those who will vote for them, if they can show me a program that is going to increase the income of farmers.

We have a few very basic indigenous industries there that we want to retain, because they are very prosperous. The Government knows why they are prospeous. I have mentioned this to the Minister of Trade and Commerce (Mr. Sharp). He knows the problem very well and I hope he does not place them in an embarrassing position such as we fear by reason of what might happen through further movement toward free trade.

As a matter of fact, I have a clipping of a speech made by the Minister in Kitchener during the Christmas recess, which indicates he is beginning to have second thoughts about free trade, and I hope he will keep the industries of my constituency closely in mind. We will support him as long as he does not sell us out.

At the time that the Government changed there were two major projects under way in our area that could have helped the whole area financially and economically. One was

the establishment of a national park in Bruce County, and in my humble opinion this still remains a very important factor in regard to the economy of that area, which is now one of the black areas on the map of Ontario. In other words, it is a poverty area. I promoted this park. I do not know what is being done about it today. I almost had it to the point of being consummated at the time the Government changed. I have discussed it with the relevant Minister and I hope he will read these words and do something about the matter, because now it is not just something we would like to have but rather almost a necessity.

I must also make reference to the visit of a few weeks ago of the Prime Minister and his entourage to the County of Northumberland. I have forgotten the name of the town, but he turned the sod there for a new penitentiary. It happens to be one that the Liberals stole for patronage purposes from the constituency of Grey-Bruce and placed in the County of the hon. Lady. The hon. Lady has a little more influence than I thought she had, but I can tell you that the people of Grey-Bruce will not forget it, because the Liberal Association of that riding supported every move to have that penitentiary located there, for economic reasons. It was the subject of the first letter I wrote after going into opposition and I informed the highest authorities in the Government accordingly. I would also say in conclusion—

Some hon. Members: Hear, hear.

Mr. Winkler: —that the Minister of Industry (Mr. Drury) should act in accordance with the wishes of his Liberal friends in that area, and in particular the President of the Georgian Bay Development Association, and give that area those advantages that accrue to designated areas so that at least it will have those advantages in endeavouring to induce industry to locate in that section of Ontario. Before I resume my seat—

Some hon. Members: Hear, hear.

An hon. Member: You are good for another half hour.

Mr. Winkler: I am but I will not take it—may I say everyone on this side is waiting with anticipation to see the developments that are forecast in the Speech from the Throne. We will support those things that are right for the country and those things that will re-establish the integrity of Parliament, the honesty of its Members and the course that should be followed for the good of Canada.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise seething with indignation to bring a question of privilege to the attention of the House. I have in my hand a statement issued by Davidson Dunton and André Laurendeau, co-chairmen of the Royal Commission on Bilingualism and Biculturalism, under date of April 13, 1965. You will remember the excellent attitude taken by the Prime Minister toward a certain questionnaire. I will simply read the concluding two paragraphs. A great deal of the statement is explanatory but this is what it has to say in part:

> We believe, therefore, that the survey should continue on the same voluntary confidential basis as before. If refusals become too high the interviews, of course, will be stopped. Sixty seven Members have already been interviewed and only eight others have refused to date. As long as a high response rate continues, the interviews will go on unchanged.
>
> The Commission has been charged with carrying out an inquiry; and that in fact is precisely what it is trying to do.

• (8:50 p.m.)

> Surely in all good sense it should not be hampered or blocked as it endeavours to fulfil the purpose for which it was established; nor be called on continually to justify the methods which after careful consideration it deems suitable. We believe this would be a dangerous precedent from which the work of this and other royal commissions could suffer.

My point of privilege is that I think this is a gross piece of impertinence with regard to the Prime Minister of our country and his efforts to protect the rights of Members of Parliament of all parties, and his efforts to protect their privileges and their privacy.

The Acting Speaker (Mr. Batten): Is the House ready for the question?

Some hon. Members: Question.

The Acting Speaker (Mr. Batten): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Langlois: On division.

The Acting Speaker (Mr. Batten): Do I understand that there was no division?

Mr. Nowlan: No division.

Motion (Mr. Cashin) agreed to.

Right Hon. L. B. Pearson (Prime Minister) moved:

> That the Address be engrossed and presented to His Excellency the Governor General by such members of this House as are of the Honourable the Privy Council.

Motion agreed to.

Ways and Means

SUPPLY

APPOINTMENT OF COMMITTEE

Right Hon. L. B. Pearson (Prime Minister) moved:

That this House at the next sitting will resolve itself into a committee to consider of the supply to be granted to Her Majesty.

Motion agreed to.

WAYS AND MEANS

APPOINTMENT OF COMMITTEE

Right Hon. L. B. Pearson (Prime Minister) moved:

That this House will at the next sitting resolve itself into a committee to consider of the ways and means for raising the supply to be granted to Her Majesty.

Motion agreed to.

BUSINESS OF THE HOUSE

EASTER RECESS

Hon. G. J. McIlraith (President of the Privy Council) moved:

That when this House adjourns this day it stand adjourned until Monday, April 26, 1965.

Motion agreed to, and the House adjourned at 9 p.m. until Monday, April 26, at 2.30 p.m.

HOUSE OF COMMONS

Monday, April 26, 1965

The House met at 2.30 p.m.

MAIN ESTIMATES, 1965-66

EXPLANATORY STATEMENT OF THE MINISTER OF FINANCE

A message from His Excellency the Governor General transmitting estimates for the financial year ending March 31, 1966 was presented by Hon. Walter L. Gordon (Minister of Finance) and read by Mr. Speaker to the House.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I should make a short statement. There is no need for detailed comment concerning these main estimates because they are identical with those which I tabled in this House during the previous session of Parliament. Because they were distributed to all members of Parliament at that time, I have not arranged for another general distribution now.

On that occasion, which was March 22, I made a short statement which can be found on pages 12,607 and 12,608 of *Hansard* for the second session of this Parliament. Tables related to the estimates were included in *Hansard* on pages 12,609, 12,610 and 12,611. Opposition spokesmen made their usual statements at that time also.

During the previous session Parliament provided interim supply for April and May by the enactment of Appropriation Act No. 1, 1965, based on estimates identical to those which I have tabled today. These estimates will provide the basis for further votes of supply during this session to provide for 1965-66 requirements.

I should draw the attention of the House to a discrepancy on page 5 of these estimates. The total amount shown in the summary for "Loans, Investments and Advances" should read $201,994,800, as printed on page 524, rather than $202,144,800 as shown in the summary. The correct figure which appears on page 524 will be the one considered by the Committee of Supply.

REFERENCE TO COMMITTEE OF SUPPLY

Hon. Walter L. Gordon (Minister of Finance) moved:

That the message of His Excellency, together with the estimates presented this day, be referred to the Committee of Supply.

Motion agreed to.

TRADE

WHEAT—ANNOUNCEMENT OF EXTENSION OF INTERNATIONAL AGREEMENT

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I wish to advise the House that last Thursday, April 22, our Ambassador to the United States signed on behalf of the Government of Canada a protocol extending the current International Wheat Agreement without amendment for one year, to July 31, 1966. The International Wheat Council agreed at its session last February to recommend to member governments this extension of the agreement, pending the possible development of broader international arrangements on grains under the Kennedy round of trade negotiations, which could have implications for the International Wheat Agreement.

INDUSTRY

TABLING OF CORRESPONDENCE RESPECTING AUTOMOTIVE AGREEMENT

Hon. J. R. Nicholson (Acting Minister of Industry): Mr. Speaker, with leave I, as the acting minister, wish to table copies of correspondence between the Minister of Industry and General Motors of Canada Ltd., Ford Motor Company of Canada Ltd. and Chrysler Canada Ltd., concerning the Canada-United States automotive agreement signed by the Prime Minister of Canada and the President of the United States on January 16, 1965.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wonder would the Minister also include any correspondence that was received from the Secretary of State for External Affairs in connection with that matter.

Some hon. Members: Oh, oh.

Questions

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

LUCIEN RIVARD—CONSULTATIONS RESPECTING FILMING OF POLICE RAIDS

Question No. 2—**Mr. Coates:**

Were there prior consultations between the C.B.C., the freelance camera men and the police authorities carrying out the surprise raid on possible hideouts of one, Lucien Rivard in the Montreal area as shown on C.B.C. television news, as to the timing of the surprise raid and, if so, (a) what are the names of the freelance camera men (b) how many individuals were involved in the filming of the surprise raid (c) were there any markings on the transportation used by the freelance camera men which carried the equipment necessary to film the surprise raid (d) how long prior to the actual surprise raid were the freelance camera men in question on the scene (e) was the surprise raid filmed, timed to suit the programming convenience of either the C.B.C. producers or the freelance camera men, or both (f) was an extra premium paid to the freelance camera men in question for the extra risks involved associated with the filming of the surprise raid and were any precautions taken by the police authorities to insure that the freelance camera men did not divulge information through friends of Lucien Rivard as to site of the surprise raid?

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Canadian Broadcasting Corporation that the C.B.C. had no prior consultations with the freelance cameramen or the police authorities.

TENDERS FOR POST OFFICE ALTERATIONS, MONTREAL

Question No. 15—**Mr. Loney:**

1. Were tenders called for "post office addition and alterations, Montreal, (Côte St. Luc)" on November 10, 1964?
2. What were the names and addresses of the tenderers?
3. What was the price quoted by each tenderer?
4. Was the lowest tender accepted and, if not, for what reason?

Hon. Lucien Cardin (Minister of Public Works): 1. Yes.

2 and 3. Leonard J. Weber Construction Co., Montreal, $131,949; Efficiency Maintenance Construction Ltd., Rosemere, $138,397; Noma Construction Co. Ltd., Mount St. Hilaire, $138,816; J. R. Robillard Ltee., Montreal, $143,447; Hiland Limited, Montreal, $145,000; Prieur Entreprises Inc., Chomedy, $145,800; Cambrian Construction Ltd., Montreal, $152,000; Arthur Murphy Construction Ltd., Valois, $158,580.

4. Yes.

[Mr. Diefenbaker.]

DREDGING AND CONSTRUCTION PROJECTS, N.S.

Question No. 16—**Mr. Crouse:**

1. How much money was spent on major construction projects in Yarmouth Harbour, Nova Scotia, during the past 25 years?
2. How much money was spent on dredging in Yarmouth Harbour, Nova Scotia, during the past five years?
3. How much money was spent on dredging projects in the LaHave river, Lunenburg county, Nova Scotia, during the past five years?

Hon. Lucien Cardin (Minister of Public Works): 1. The amount spent on construction projects during the fiscal years 1939-40 to 1963-64, inclusive, was $1,035,836.06.

2. The amount spent on dredging during the fiscal years 1959-60 to 1963-64, inclusive, was $389,867.45.

3. The amount spent on dredging in the LaHave River during the fiscal years 1959-60 to 1963-64, inclusive, was $41,414.03.

PUBLIC SERVICE PERSONNEL

Question No. 20—**Mr. Muir (Cape Breton North and Victoria):**

1. What is the total number of individuals in the employ of the Civil Service Commission?
2. What is the breakdown of those who state English as their first language and what is the total of those who state French as their first language?
3. What is the number of individuals who state that they are bilingual?

Hon. Maurice Lamontagne (Secretary of State): I have been given the following answer by the Civil Service Commission: 1. 849.

2. Employees whose first language is English, 599; Employees whose first language is French, 250.

3. 260.

RADIO STATION CBI, SYDNEY, N.S.—PROGRAM "PLAIN TALK"

Question No. 22—**Mr. Muir (Cape Breton North and Victoria):**

1. Does the Canadian Broadcasting Corporation, through their radio station CBI at Sydney, Nova Scotia, broadcast a daily series entitled "Plain Talk"?
2. Who is allowed to participate in this series?
3. Were the scripts for "Plain Talk" for the week commencing March 1, 1965, recorded and on what date did the recording take place and by whom?
4. Were all of these recordings broadcast and, if not, for what reason?
5. Did the manager of the radio station CBI object to any of the recordings?
6. For what reason did the manager of radio station CBI cancel the broadcasting of any of the recordings in the "Plain Talk" series?
7. Is it the policy of the C.B.C. to prohibit the broadcasting of any particular theological position?
8. How much plain talk is allowed by the C.B.C. in their series "Plain Talk"?

9. In the past 15 months, apart from news columnist and broadcaster Gordon Sinclair, how many individuals have been allowed by the C.B.C. to expound the philosophy of atheism on their facilities?

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. Yes.

2. Ministers normally resident in the community and/or serving permanent congregations in the community.

3. Yes, by the Reverend E. H. Bean on February 25th.

4. No. One was not broadcast because it was considered not to conform to the C.B.C.'s policy governing this series.

5. Yes.

6. Because he judged that they did not conform to the Corporation's policy.

7. No.

8. These talks are intended to appeal to the widest possible audience and to avoid theological disputes which might tend to divide members of different religious faiths. No restrictions are placed on the advocacy of any particular faith or doctrine; but speakers have generally understood that criticism of faiths or doctrines differing from their own is not acceptable.

9. The C.B.C. does not judge, and does not keep records of, the religious beliefs of those who appear on its general programming.

*CHRISTOPHER YOUNG—APPEARANCES ON C.B.C. PROGRAM "PREVIEW COMMENTARY"

Question No. 28—**Mr. Korchinski:**

How many times since April 1, 1963 has Christopher Young appeared on the C.B.C. program, "Preview Commentary"?

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): I am informed by the Canadian Broadcasting Corporation that the program on April 6, 1965 was the tenth appearance in the two years since April 1, 1963.

BARCELONA TRACTION COMPANY

Question No. 30—**Mr. Noble:**

Is the Canadian government represented before the international court at The Hague in connection with the Barcelona Traction Company and, if so (a) is the said company an affiliate of any Canadian company (b) what is the parent company (c) who are the Canadian directors of this company (d) what is the position of the Canadian government on the issues that have been raised in connection with such hearing?

Hon. Paul Martin (Secretary of State for External Affairs): No. (a) N.A.; (b) N.A.; (c) N.A.; (d) N.A.

*C.B.C. PARLIAMENTARY CORRESPONDENTS—SALARY INCREASE

Question No. 33—**Mr. Pigeon:**

1. Does the Canadian Broadcasting Corporation intend to increase the salaries of its parliamentary correspondents in Ottawa and, if so, on what date?

2. What will be the amount of such increase?

3. If no such increase is contemplated, for what reasons are such increases withheld?

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): I am informed by the Canadian Broadcasting Corporation that under the terms of an agreement concluded with the Canadian Wire Service Guild provision is made for periodic increases in wages of Parliamentary Reporters. The last increase was effective February 1, 1965. The next adjustment takes effect on October 1, 1965.

The answer to part two of the question is 3 per cent. Part 3 is not applicable.

CIVIL SERVICE COMMISSION STAFF, MONTREAL

Question No. 34—**Mr. Pigeon:**

1. How many persons are employed in the office of the Civil Service Commission at 1165 Bleury Street in Montreal?

2. Is the staff adequate to handle callers and correspondence efficiently?

3. Has attention been drawn to extended delays in the answering of correspondence by this office?

4. Does the government intend to increase the staff and, if so (a) when (b) by how many persons?

Hon. Maurice Lamontagne (Secretary of State): I have been given the following answer by the Civil Service Commission:

1. Thirty two.

2. Yes, during periods of normal workloads. Because of the turnover of staff and the necessity of continually training new staff, it has been difficult to keep up to date in answering general inquiries during peak periods. However, special care is taken to ensure that inquiries about current competitions are handled within the deadlines.

3. The Commission has issued instructions to its staff that inquiries are to be answered within a few days but it is aware that delays of more than a week have occurred when the number of callers and the volume of correspondence have been particularly heavy.

4. The Commission is keeping the situation at the Montreal office under review and, if more staff is required, will seek authority to increase the establishment at that office.

BROCHURE ON CORRECT FLAG USAGE

Question No. 39—**Mr. Matheson:**

Have the Chaplains-General of the Canadian Armed Services given consideration to the prepara-

tion of a brochure which would be available upon request to churches and other institutions for the purpose of providing guidance as to correct flag usage in places of worship and elsewhere?

Hon. Paul Hellyer (Minister of National Defence): No. The Department of National Defence provides guidance in so far as possible in reply to specific enquiries as does the Department of the Secretary of State.

POSTAGE STAMPS COMMEMORATING PRIME MINISTERS

Question No. 47—**Mr. Macquarrie:**

1. What Canadian Prime Ministers have been portrayed on postage stamps?
2. What were the dates of issue and the number of stamps issued?
3. Is it intended to issue a stamp in 1965 to commemorate the sesquicentennial of the birth of Sir John A. Macdonald?
4. Is it intended to issue a stamp to commemorate Sir Winston Churchill?

Hon. René Tremblay (Postmaster General): 1 and 2.

Prime Minister	Denomination	Date of Issue	Quantity
Macdonald	1¢	June 29, 1927	148,034,000
Laurier	5¢	June 29, 1927	26,627,000
Macdonald and Laurier	12¢	June 29, 1927	5,273,000
Borden	3¢	June 25, 1951	50,800,000
King	4¢	June 25, 1951	49,953,000
Abbott	3¢	Nov. 3, 1952	50,365,300
MacKenzie	4¢	Nov. 3, 1952	50,868,100
Thompson	4¢	Nov. 1, 1954	50,500,000
Bowell	5¢	Nov. 1, 1954	50,800,000
Bennett	4¢	Aug. 1, 1955	49,855,000
Tupper	5¢	Aug. 1, 1955	50,480,000
Meighen	5¢	Apr. 19, 1961	35,560,000

3. No. Sir John A. Macdonald has appeared on two Canadian stamps, one more than any Prime Minister other than Sir Wilfrid Laurier. The Post Office will honour in 1965, 1966 and 1967 the many events through which this country was led to Confederation, and in which the Fathers of Confederation played a prominent part.

4. Yes. The stamp will go on sale August 12, 1965, the anniversary of the enunciation of the Atlantic Charter, which was a result of meetings between Prime Minister Winston Churchill and President Franklin D. Roosevelt on warships in Placentia Bay, Newfoundland in 1941.

C.B.C. TELEVISION OUTLETS, NEW BRUNSWICK

Question No. 49—**Mr. Douglas:**

1. What television stations are now operated by the C.B.C. in the province of New Brunswick?

[Mr. Matheson.]

2. What representations have been made either to the C.B.C. or to the government for the establishment of additional C.B.C. outlets in New Brunswick?
3. Is consideration being given at the present time by the C.B.C. to establish additional television outlets in New Brunswick?
4. If so, what cities are being considered for the establishment of such television outlets?

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The only C.B.C. owned television station is CBAFT at Moncton which provides the French network service. At present there is no C.B.C. owned English network station. A portion of the C.B.C. English television service is carried on privately owned stations which are affiliated with the C.B.C. network.

2. Representations have been received from organizations and individuals asking for C.B.C. owned stations for both English and French language to provide the full C.B.C. network service.

3 & 4. Early in 1963 the Corporation made application to the Department of Transport for the reservation of a television channel for C.B.C. use in the Saint John-Fredericton area to provide the English language service. This was granted. In September 1963 a freeze was placed on applications for licences involving the extension of alternative television services. This was to be in effect until July 1, 1964.

However, with the appointment of the Advisory Committee on Broadcasting, the freeze has been extended until the Committee makes its report, as the terms of reference of the Committee includes an inquiry into the various means of providing alternate television services. Consequently, in the interim the Corporation has deferred action on its plans for New Brunswick.

FISHERIES DEPARTMENT OFFICE, BATHURST, N.B.

Question No. 50—**Mr. Douglas:**

1. Does the Department of Fisheries maintain an office in Bathurst, New Brunswick?
2. If so, where is it located?
3. What staff is employed in this office?
4. What are the duties of the person or persons employed in this office?
5. What is the salary paid to this person or persons employed in this office?

Hon. H. J. Robichaud (Minister of Fisheries): 1. Yes.

2. In the Federal building.

3. A Fishery Officer Grade 3 and a Fishery Officer Grade 1.

4. The Fishery Officer 3 has supervisory responsibility for fisheries conservation ad-

ministration in Gloucester and Restigouche Counties, N.B.

5. Fishery Officer 3, $5,460; Fishery Officer 1, $4,260.

CBMT TELEVISION PROGRAM "ACROSS CANADA"

Question No. 59—**Mr. Howe (Hamilton South):**

1. Did CBMT television program "Across Canada" on December 3, 1964, deal with a faith healer, Mr. J. A. Desfosses and, if so, what was the general tenor of the remarks?

2. Has the C.B.C. sanctioned the use of this program as advertising for Mr. Desfosses' clinics and, if not, will action be taken to prevent such use?

Hon. Maurice Lamontagne (Secretary of State): 1. Yes, the general tenor of the item and of the following commentary was critical of his organization and of those public attitudes that make it possible for him to operate.

2. The Corporation has learned that without its prior knowledge or sanction the program has been the subject of publicity material and appropriate action is now being considered.

TRADE WITH JAPAN

Question No. 69—**Mr. Deachman:**

In each year since 1950, what has been the value of (a) exports to Japan (b) imports from Japan?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Value of exports to Japan, and imports from Japan, for the years 1950 to 1964 inclusive, are shown in the attached statement.

Value of Exports to Japan, and Imports from Japan, Years 1950 to 1964 inclusive.

Year	Domestic Exports	Re-Exports	Total Exports	Total Imports
	$ '000	$ '000	$ '000	$ '000
1950	20,443	59	20,502	12,076
1951	72,839	3,303	76,142	12,547
1952	102,463	235	102,698	13,113
1953	118,441	178	118,619	13,475
1954	96,401	216	96,617	19,004
1955	90,817	95	90,912	36,586
1956	127,804	178	127,982	60,729
1957	139,082	361	139,443	61,396
1958	104,853	506	105,359	70,092
1959	139,724	240	139,964	102,669
1960	178,859	690	179,549	110,382
1961	231,574	846	232,420	116,607
1962	214,535	1,033	215,568	125,359
1963	296,010	1,886	297,896	130,471
1964	330,234	1,959	332,193	174,381

DEFENCE DEPARTMENT SCHOOLS, ALBERTA

Question No. 78—**Mr. Lambert:**

1. What is the location of D.N.D. schools in the province of Alberta?

2. How many teachers are on full time employment or part time employment in D.N.D. schools in the province of Alberta at (a) elementary school level (b) junior high school level (c) high school level?

Hon. Paul Hellyer (Minister of National Defence): 1. Griesbach Barracks, Edmonton, Alta.; Camp Wainwright, Alta.; RCAF Station, Cold Lake, Alta.; RCAF Station, Namao, Alta.; RCAF Station, Penhold, Alta.

2. (a) 132, (b) 30, (c) 10.

JURISDICTION OVER DEFENCE DEPARTMENT SCHOOLS, ALBERTA

Question No. 79—**Mr. Lambert:**

1. Have any discussions taken place either at a departmental level or between representatives of the Department of National Defence and any local school authority in the province of Alberta with respect to the closing out of D.N.D. schools or the transfer of jurisdiction of such schools?

2. If so, with respect to what schools and with what school authority?

Hon. Paul Hellyer (Minister of National Defence): 1. and 2. Communications have been made between the Associate Minister of National Defence and the Minister of Education of the Province of Alberta with regard to the possibility of the province accepting responsibility for the education of dependant children of military personnel living on Crown lands.

DEFENCE DEPARTMENT PROVISION FOR STUDENTS, ALBERTA

Question No. 80—**Mr. Lambert:**

1. How many students are registered for full time schooling in the Department of National Defence schools in the province of Alberta?

2. For how many students up to and including senior high school does the Department of National Defence provide payments to public school districts in the province of Alberta?

3. For how many students up to and including senior high school does the Department of National Defence provide payments to separate school districts in the province of Alberta?

4. Is provision being made by the Department of National Defence for the education of D.N.D. dependants in the province of Alberta other than included in the above categories and, if so, how many?

Hon. Paul Hellyer (Minister of National Defence): 1. 4,497.

2. 434.

3. 99.

4. No.

Questions

TELEVISING OF HOCKEY GAMES

Question No. 86—**Mr. Dubé:**

1. Did the C.B.C. study the possibility of televising in their entirety all of the National Hockey League regular games on Saturday nights and, if so, what decision was arrived at and what reasons motivated this decision?

2. Have a number of television viewers made representations favouring the televising of all of such regular games and, if so, how many such representations were received?

3. During the 1964-65 season what programs took the place of the first period of the hockey game on the French and English networks?

4. What popularity do these programs enjoy and how is their rating arrived at?

5. Outside the hockey games, what other C.B.C. programs are not televised in their entirety?

[*Translation*]

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. The rights to televise National Hockey League games are owned by an advertising agency, not the C.B.C. The NHL clubs themselves refuse to allow coverage of full games during regular season.

2. From time to time letters are received requesting full coverage of games and occasionally petitions are received from groups making the same request. The numbers of such letters and petitions have dropped greatly in the past two years since the starting time of the telecasts was advanced from 9:00 p.m. to 8:30 p.m. and video tape highlights of the first period included in the first intermission show.

3. English Network, The Saint; French Network, Thierry la Fronde.

4. By Neilsen Television Index for January 1965: The Saint, ranks 25th; Thierry la Fronde, ranks 20th.

5. Live coverage of sports events, other than regular season NHL games, usually is for the complete game. It should be pointed out, however, that in the case of football, the other major sport which is telecast, the city in which the game is being played is blacked-out. This is not the case with hockey.

[*Text*]

DREDGING PROGRAM, CLYBURN RIVER, N.S.

Question No. 89—**Mr. Muir (Cape Breton North and Victoria):**

As a result of the survey taken in the area, does the government intend to carry out a dredging program at the Clyburn River, Victoria County, N.S., for the benefit of the fishermen?

Hon. Lucien Cardin (Minister of Public Works): No.

[Mr. Hellyer.]

BRAS D'OR ILLUSTRATION STATION

Question No. 90—**Mr. Muir (Cape Breton North and Victoria):**

Has the contract for the Bras d'Or Illustration Station expired and, if so, will it be renewed and for what period?

Hon. Harry W. Hays (Minister of Agriculture): The contract for the Bras d'Or Illustration Station expired in December 1964 and is not being renewed.

PAYMENTS TO CLERGYMEN, POINT EDWARD NAVAL BASE

Question No. 92—**Mr. Muir (Cape Breton North and Victoria):**

1. With reference to QRCN. ART. 210.62, are officiating clergymen to receive the same pay as lieutenants and, if so, were the officiating clergymen at the Point Edward naval base granted a raise in pay retroactive to October, 1964?

2. Were similar increases provided in 1962 and 1963 and were these increases made retroactive to officiating clergymen at the Point Edward naval base and, if not, for what reason?

Hon. Paul Hellyer (Minister of National Defence): 1. Yes. If such officiating clergymen were employed at Point Edward Naval Base on dates between 1 Oct. 1964 and 28 Feb. 1965, they are entitled, upon application, to receive adjustment in respect to the recent pay increase.

2. No, since the Retroactive Remuneration Regulations were not applicable at the time of the 1962 general pay increase.

C.B.C. EMPLOYMENT OF CERTAIN PERSONS

Question No. 99—**Mr. Leboe:**

1. Has one or more of the following persons or groups ever appeared on CBC radio or television: Claude Léveillée, Jean-Guy Moreau, Hervé Brousseau, Pierre Létourneau, Monique Leyrac, Les Cailloux, Les Cyniques, Jacques Blanchet, Renée Claude, Pauline Julien, Pierre Calvé, Claude Gauthier, Joel Denis, Donald Lautrec, Jacques Desrosiers, Pierre Chouinard, Les quatre-20, Suzanne Valéry, Louise Marleau, André Gagnon, Yvonne Laflamme?

2. Were any of these persons or groups under contract with the CBC or any of its sponsors?

3. Has the attention of the CBC been drawn to the advertised appearance of the above listed persons and groups at a gala concert sponsored by the Quebec separatist group RIN held at the Montreal Forum on March 3, 1965 and, if so, what is the CBC's policy with regard to the employment of such persons?

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows: 1. Yes.

2. Yes.

3. Yes. The persons referred to are free lance performers engaged on a per program basis. Performers are employed on the basis

of artistic merit. Their personal political beliefs cannot be made a factor of employment where freedom of belief is assured by the law of the land.

POST OFFICE STAFF RETIREMENTS, MOOSE MOUNTAIN CONSTITUENCY

Question No. 102—**Mr. Southam:**

1. How many postmasters or other members of the post office staffs will be retired in 1965 from post offices in the riding of Moose Mountain, Saskatchewan?
2. What are the names and addresses of these staff members?
3. How many and what are the locations of proposed new postal premises slated for construction in the Saskatchewan riding of Moose Mountain in the next fiscal year 1965-1966?

Hon. René Tremblay (Postmaster General): 1. Four Postmasters are due to retire in 1965. While the Public Service Superannuation Regulations provide that a contributor ceases to be employed in the Public Service upon attaining sixty-five years of age, he may apply for an extension of employment. The four Postmasters will be given the usual notice of retirement and should any request for extension be received, it will be dealt with on its merits.

2. Mrs. Maude A. McKinna, Alida, Saskatchewan; Mrs. Mary Rebecca Vaughan, Bromhead, Saskatchewan; Mrs. Mable Clare Cameron, Fairlight, Saskatchewan; Miss Eva C. Law, Gainsborough, Saskatchewan.

3. The Post Office Department has not requested the Department of Public Works to construct any new postal premises in the riding of Moose Mountain during the fiscal year 1965-66.

HOSPITAL FACILITIES, CAMP GAGETOWN

Question No. 103—**Mr. Coates:**

1. Has Camp Gagetown any hospital facilities for the care of military personnel in the camp area?
2. What are these hospital facilities, number of beds, military doctors and others?
3. Is Camp Gagetown satisfied with the care provided in Lancaster military hospital, Lancaster, New Brunswick, for the ill soldiers who are sent there?
4. Why does the Department of National Defence wish to build a military hospital in the Oromocto area?

Hon. Paul Hellyer (Minister of National Defence): 1. Temporary hospital facilities are provided at Camp Gagetown in a 180-man Barrack Block that was converted for use as a military infirmary in 1957.

2. A 45-bed hospital with a military staff of 6 doctors, 9 other officers and nurses and 57 other staff.

3. Yes, however, the distance from Camp Gagetown is a problem.

4. Replacement of the temporary facilities is desirable and discussions are proceeding to accomplish this by participation in the proposed Oromocto Public Hospital.

HOSPITAL CONSTRUCTION, OROMOCTO, N.B.

Question No. 104—**Mr. Coates:**

Is the Department of National Defence taking part in the building in Oromocto of a hospital and, if so (a) are they associating themselves with a civilian hospital (b) has such action ever been taken by the Department before?

Hon. Paul Hellyer (Minister of National Defence): The possibility of the Department participating in the construction of the proposed Oromocto Public Hospital, so as to provide 40 active treatment beds for military personnel serving at Camp Gagetown, is under study and discussion at this time with the Oromocto Public Hospital Planning Board. (a) The proposed Oromocto Public Hospital will be a civilian hospital. (b) No.

APPLICATION FOR HOSPITAL CONSTRUCTION, OROMOCTO, N.B.

Question No. 105—**Mr. Coates:**

Did the federal government make the first application for a hospital in the town of Oromocto?

Hon. Paul Hellyer (Minister of National Defence): No.

CHANNEL DREDGING, MACDONALD'S POND, N.S.

Question No. 106—**Mr. Muir (Cape Breton North and Victoria):**

Is it the intention of the Department of Public Works during the coming season, to carry out experimental dredging at MacDonald's Pond, Indian Brook, Victoria County, Nova Scotia, to determine the advisability of maintaining the channel at this locale?

Hon. Lucien Cardin (Minister of Public Works): Yes.

MICHÈLE-MARIE SAUNIER

Question No. 113—**Mr. Thompson:**

1. Does Michèle-Marie Saunier, a native of Metz, France, presently live in Canada at 5566 Decelles Avenue, apartment 7, Côte-des-Neiges, Montreal?
2. Since when has this person been in Canada?
3. Through what port of entry and on what date did she come into the country?
4. Is she a naturalized Canadian and, if not, what is her present citizenship status and what type of visa does she hold?
5. Was she recently involved with the law in the matter of a plot to destroy various United States monuments?
6. What are the Canadian government's intentions in this matter?

Questions

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Department of Citizenship and Immigration and the Royal Canadian Mounted Police as follows: 1. The Immigration Landing Records of the Department of Citizenship and Immigration contain an entry which shows that a Michelle Saunier, born in Metz, France, was admitted to Canada as a Landed Immigrant at the port of Quebec on June 6, 1957. The Citizenship Registration Records of the Department of Citizenship and Immigration indicate that this Michelle Saunier was granted Canadian citizenship on November 28, 1963, at which time her address was given as 5566 Descelles Street, Apartment 7, Montreal 26, Quebec.

2. 3. 4. See answer to part 1.

5. Yes. She has been indicted for conspiracy by the U.S. authorities.

6. In addition to the charge referred to in No. 5, three charges under the Criminal Code have been laid by the Montreal City Police. The Canadian Government does not intend to interfere in any way with the due process of law.

FARM REVENUE, VILLENEUVE COUNTY, QUE.

Question No. 116—**Mr. Caouette:**

During the past five years, what has been the average revenue of farmers in Villeneuve county?

[*Translation*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): This information is not available.

[*Text*]

MINE SUBSIDIES, VILLENEUVE COUNTY, QUE.

Question No. 122—**Mr. Caouette:**

1. What amount was spent in subsidies of all kinds in connection with the operation of mines in the county of Villeneuve during the years 1962, 1963 and 1964?

2. What amount did each of these mines receive for each of the same years?

3. On what basis were such subsidies paid?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): 1. Financial assistance was provided to the lode gold mines in the County of Villeneuve for the designated or calendar years 1962, 1963 and 1964 under the provisions of the Emergency Gold Mining Assistance Act. A total of $9,542,470 was paid to 13 mines for the three years up to March 31, 1965.

2. The amounts pair to each of the respective mines in each of the three years up to March 31, 1965, is listed below.

Mine	1962	1963	1964
	$	$	$
Akasaba Gold Mines Ltd.	123,077	20,990	closed
Barnat Mines Ltd.	158,444	322,436	340,009
Bevcon Mines Ltd.	254,977	292,419	278,744
Canadian Malartic Gold Mines Ltd.	309,724	180,811	75,046
East Malartic Mines Ltd.	796,568	767,157	649,641
Eldrich Mines Ltd.	131,578	closed	closed
Lamaque Mining Co. Ltd.	247,142	295,525	347,936
Malartic Gold Fields Ltd.	125,484	83,978	38,724
Marban Gold Mines Ltd.	127,266	155,068	182,030
Norlartic Mines Ltd.	206,643	223,547	184,222
Peel-Elder Ltd.*	117,073	23,865	118,748
Sigma Mines (Quebec) Ltd.	464,578	421,468	377,605
Sullivan Consolidated Mines Ltd.	391,798	410,977	297,172
Total	3,454,352	3,198,241	2,889,877

*In 1962 and 1963 known as Elder-Peel Ltd.

3. The amount of assistance payable to a gold mine in a designated or calendar year is based on the number of ounces of gold produced and the average cost of production per ounce. Under the current formula, the amount is computed by adding 25 per cent to the product of the number of assistance ounces and the rate of assistance.

The number of assistance ounces is two thirds of the total number of ounces produced and sold to the Royal Canadian Mint in the calendar year.

The rate-of-assistance factor is two thirds of the amount by which the mine's average cost of production per ounce of gold for the calendar year exceeds $26.50. The amount of assistance payable per ounce increases as the average cost of production per ounce in-

[Mr. Thompson.]

creases from $26.50 to $45 but the maximum rate of assistance is $12.33.

DEFENCE DEPARTMENT EXPENDITURES, VILLENEUVE COUNTY, QUE.

Question No. 123—**Mr. Caouette:**

1. What amount was spent by the Department of National Defence in the county of Villeneuve during the years 1962, 1963 and 1964?
2. What sums were allocated to (a) capital expenditures (b) military purposes (c) other purposes?

[*Translation*]

Hon. Paul T. Hellyer (Minister of National Defence): 1. and 2. This information is not readily available as accounts are not kept by constituency.

[*Text*]

FRENCH LANGUAGE SCHOOLS AT MILITARY STATION

Question No. 125—**Mr. Caouette:**

1. What military camps or stations are located in English-speaking areas in Canada?
2. Do these military camps or stations provide French language schools for children of French speaking Canadians on such camps or stations and, if so, in which camps are they provided?
3. Are such schools under private, public or military direction?

[*Translation*]

Hon. Paul T. Hellyer (Minister of National Defence): 1. It is not departmental policy to make public lists of all establishments in Canada giving the precise locations.

2. No. However, where French-speaking schools exist within reasonable commuting distance from all military establishments, the Department of National Defence affords all French-speaking and also English-speaking occupants of its married quarters housing projects the right to attend French-speaking schools at federal government expense, i.e., costs for tuition fees and school transportation costs.

3. The French-speaking schools referred to in part 2 are operated under civilian school boards as either private schools or tax supported schools, dependant on their location.

FARM INCOME, BRUCE COUNTY, ONT.

Question No. 136—**Mr. Loney:**

In the county of Bruce for the year 1963, what was the number of farms with a reported annual income of: $800-$1,000; $1,000-$1,500; $1,500-$2,000; $2,000-$2,500; $2,500-$3,000; $3,000-$4,000; $4,000-$5,000; 6,000-$7,000; $8,000-$9,000; $9,000-$10,000; and $10,000 plus?

Hon. Mitchell Sharp (Minister of Trade and Commerce): As far as the Dominion Bureau of Statistics is concerned, this information is not available.

LOANS TO FARM IMMIGRANTS

Question No. 141—**Mr. Rondeau:**

1. Are there special rules in the federal Department of Agriculture allowing special assistance for conditional loans to farm immigrants from European countries and, if so, (a) does the department co-operate in providing such loans with the provincial Department of Agriculture (b) when was such a program initiated?
2. Did any farm immigrants established in the province of Quebec from European countries benefit from financial assistance since 1960 and, if so, how many in each year?
3. If such regulations exist (a) what is the amount loaned by the federal Department of Agriculture (b) what is the amount loaned by the Department of Agriculture of the Province of Quebec (c) are such loans jointly approved (d) through what agency are such loans administered (e) what is the interest on such loans (f) for how many years are such loans granted?
4. How many European farm immigrants took advantage of such loans?
5. Can Canadian farmers benefit from these loans?

Hon. Harry W. Hays (Minister of Agriculture): 1. No.

2, 3, 4 & 5. Not applicable.

POPULATION OF DORCHESTER COUNTY, QUE.

Question No. 142—**Mr. Boutin:**

What was the population of the county of Dorchester for the years 1960-61-62-63-64, and (a) what was the male population (b) what was the female population?

[*Translation*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): The population of the County of Dorchester at the 1961 Census of Canada was 34,711, consisting of 18,192 males and 16,519 females. There are no figures available for years other than the Census year 1961.

[*Text*]

VALUE OF FARM PRODUCTION

Question No. 143—**Mr. Boutin:**

1. What was the total dollar value of farm production during the years 1960-61-62-63-64?
2. For the same years, what was the animal and dairy production in the county of Dorchester?

[*Translation*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): 1 and 2. Data not available on a county basis.

[*Text*]

VALUE OF FOREST PRODUCTION, DORCHESTER COUNTY, QUE.

Question No. 144—**Mr. Boutin:**

During the years 1960-61-62-63-64, what was the value of forest products in the county of Dorchester?

Questions

[*Translation*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): The value of shipments of the forest products manufactured in the County of Dorchester was: 1960; Wood Industries, $1,333,000; Paper and Allied Industries, nil. 1961; Wood Industries, $834,000; Paper and Allied Industries, nil. 1962; Not yet available at County level. 1963; Not yet available at county level, 1964; Not yet available at county level.

[*Text*]

FARM INCOME, DORCHESTER COUNTY, QUE.

Question No. 146—**Mr. Boutin:**

What was the average income of farmers in the county of Dorchester, during the years 1960-61-62-63-64?

[*Translation*]

Hon. Mitchell Sharp (Minister of Trade and Commerce): Data not available on a county basis.

[*Text*]

RAW MATERIAL EXPORTS TO JAPAN

Question No. 148—**Mr. Howard:**

For each fiscal year since, and including 1960, what was (i) dollar value, and (ii) quantity by the appropriate measurement of (a) iron ore (b) logs by specie (c) coal (d) fish, and (e) other raw materials were exported to Japan?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Full details of exports to Japan are published quarterly in "Exports by Countries", Catalogue Number 65-003, and are available for research in all public libraries and in the Parliamentary Library. The latest period for which these data have been published is January to December 1964.

ARDA EXPENDITURES IN QUEBEC CONSTITUENCIES

Question No. 152—**Mr. Laprise:**

What sums have been spent annually, under the ARDA plan, in the constituencies of (a) Beauce (b) Bellechasse (c) Bonaventure (d) Dorchester (e) Gaspé (f) Kamouraska (g) Lévis (h) Matapédia-Matane i) Montmagny-L'Islet (j) Rimouski, and (k) Rivière du Loup-Témiscouata?

Hon. Maurice Sauvé (Minister of Forestry): 1. Projects submitted by the provinces and expenditures made against each project are not recorded by electoral districts and, therefore, this detailed information is not available.

[Mr. Boutin.]

TENDERS FOR FEDERAL BUILDING, WALLACEBURG, ONT.

Question No. 168—**Mr. Loney:**

1. What are the names and addresses of the tenderers, "Tender for federal building," Wallaceburg, Ontario, December 16, 1964?
2. What was the price quoted by each tenderer?
3. Was the lowest tender accepted and, if not, for what reason?

Hon. Lucien Cardin (Minister of Public Works): 1 and 2. The John Hayman and Sons Company Ltd., London, $364,000; Ben Bruinsma and Sons Ltd., Chatham, $383,249; Bert Westley Ltd., Port Lambton, $387,837; Mac Construction Co. (Wallaceburg) Ltd., Wallaceburg, $390,000.

3. Yes.

TENDERS FOR RESEARCH LABORATORY, VINELAND, ONT.

Question No. 169—**Mr. Loney:**

1. What are the names and addresses of the tenderers, "Tender for Agricultural Research Laboratory", Vineland, Ontario, December 23, 1964?
2. What was the price quoted by each tenderer?
3. Was the lowest tender accepted and, if not, for what reason?

Hon. Lucien Cardin (Minister of Public Works): 1 and 2. Noren Construction Limited, Toronto, $1,494,000; Neuman Bros. Limited, St. Catharines, $1,498,316; Eaglewood Construction Co. Ltd., Hamilton, $1,498,800; James Kemp Construction Ltd., Hamilton, $1,499,000; Inspiration Limited, Toronto, $1,514,750; Stewart Hinan Corporation Ltd., St. Catharines, $1,542,000.

3. Yes.

QUESTIONNAIRE TO POST OFFICE PATRONS, AVONDALE, N.S.

Question No. 170—**Mr. MacEwan:**

1. Has a questionnaire been sent to the patrons of Avondale Post Office, Avondale, Pictou County, N.S.?
2. What questions did the questionnaire ask?
3. What was the reason for this questionnaire?

Hon. René Tremblay (Postmaster General): 1. Yes.

2. The question being asked is: "Do you prefer the retention of the present Avondale Station Post Office or rural mail delivery service from the Barney River Station Post Office".

3. To determine whether the patrons of Avondale Station wished to retain the Post Office or accept rural mail delivery service through Barney River Station Post Office.

ARDA PROJECTS, QUEBEC

Question No. 175—**Mr. Laprise:**

Under the ARDA program, how many projects have been submitted by the Province of Quebec to date and how many have been accepted by the federal government?

Hon. Maurice Sauvé (Minister of Forestry): 1. The Province of Quebec has submitted 410 projects to March 31, 1965. The federal government has accepted 389 of these projects and rejected 21.

• (2:40 p.m.)

EXTERNAL AFFAIRS

MAKING OF AGREEMENTS BETWEEN PROVINCES AND FOREIGN STATES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I would direct a question to the Prime Minister in connection with remarks made by Hon. Gérin-Lajoie regarding agreements which could be made, as he contended, between any province and a foreign state. I ask the Prime Minister whether he is prepared to make a statement in this connection and to make very clear that any agreement made between a province and a foreign state cannot be sloughed off as a mere agreement, but that in point of fact such agreements constitute treaties.

Right Hon. L. B. Pearson (Prime Minister): The position of the Federal Government regarding the negotiation and signing of treaties was set out in a statement issued on Friday last by the Secretary of State for External Affairs. If the right hon. gentleman so desires, that statement could be tabled and included in *Hansard* as an appendix. It sets out the position taken by the Government, and I have nothing to add to it at the moment.

However, in clarifying the position of his government, that is the government of Quebec, on this matter, Mr. Lesage is reported as having said in Toronto on Saturday night last—and I quote from the report—that his Government did not claim the right to make treaties but only to conclude agreements on matters within provincial jurisdiction. That is the end of the press quotation.

On both the federal and the provincial sides in statements made on this matter reference has been made to the recent cultural and educational entente between Quebec and France as a precedent which could well be followed. In this precedent, involving an intergovernmental exchange between France

and Canada, the federal and provincial authorities co-operated to achieve the desired result for the province in a way which recognized that only the Federal Government can enter into treaty arrangements with a foreign power.

Having regard to this precedent, and having regard to the statement made on Saturday by Mr. Lesage, I am sure that any misunderstanding which might exist on this matter between the two levels of government can be cleared away, and steps are being taken to this end.

Mr. Diefenbaker: May I ask a supplementary question arising out of the answer given by the Prime Minister. He has quoted the Premier of Quebec. Does he agree with the Premier of Quebec that everything which took place resulted from a misunderstanding by the Secretary of State for External Affairs, and that in fact a treaty between countries involves only the question of sovereignty and the right to declare war? Does the Government accept that definition?

• (2:50 p.m.)

Furthermore, I would ask the Prime Minister this. He has stated that the cultural entente—that is a new description of a treaty —had been arrived at with the agreement of the federal authorities. Was Mr. Gérin-Lajoie right when he said that the Federal Government was informed of the agreement after it had been signed, and solely as a matter of information, by the French Embassy at Ottawa? He further says there was no request, in advance of the signing, for consideration by the Federal Government. Are those statements correct? I direct my question to the Prime Minister, because it is most unusual for the Secretary of State for External Affairs to be speaking on this matter and making a statement on behalf of the Government, as he did the other night.

Mr. Pearson: Mr. Speaker, so far as the right hon. gentleman's last observation is concerned, I think it is quite proper for the Secretary of State for External Affairs, after consultation with me, to issue a statement on a matter which concerns treaty arrangements with foreign powers. With regard to the first part of the right hon. gentleman's question, I am in touch with Mr. Lesage and I am not at this moment going to comment on any statement reported to have been made by him until I get the exact text of that statement.

So far as the other part of the right hon. gentleman's question is concerned, I can assure him and anyone else who is interested that the Federal Government was indeed in touch with the Government of France with regard to this cultural and educational entente; that the negotiations between the provincial authorities and those concerned in departments of government in Paris were conducted with the knowledge and approval and co-operation of the Federal authorities, and indeed that there was an agreement by an exchange of notes between France and Canada as a kind of umbrella under which the other kind of entente was worked out.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to ask the Prime Minister a supplementary question.

If the federal government, as he stated, reserves the right to negotiate all its international treaties, will it be authorized also to change anything to the text of those same agreements which might be entered into by the government of the province of Quebec and foreign governments in the field of education?

In other words, does the federal government reserve the right to impose its conditions in regard to education, with respect to the terms and texts of the agreements to be signed between Quebec and foreign governments?

[*Text*]

Mr. Pearson: Mr. Speaker, only the Federal Government acting for Canada can make international treaties with other countries. If treaties of that kind are made with other countries and they deal with matters under provincial jurisdiction, then under our Constitution those treaties cannot be implemented in respect of those matters without the approval of the Provincial Governments. That has been the custom for many years, with a great deal of experience in this field, by which the Federal Government negotiates treaties and then works out with the Provinces their implementation in so far as there are matters in those treaties which come under provincial jurisdiction.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I wish to ask another supplementary question.

If the federal government does not feel authorized to change or add anything to the text of the negotiations concluded by the provinces, what then is the role of the federal government in the conclusion of those international treaties between the province of Quebec and other countries with regard to education?

[*Text*]

Mr. Pearson: Mr. Speaker, the role of the Federal Government is to carry out its constitutional responsibility as representing Canada, and to do that, in cases to which my hon. friend has referred, in co-operation with the provincial governments.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to put a question to the Secretary of State for External Affairs—

[*Text*]

Mr. Speaker: Order, please. The hon. member for Calgary North.

Hon. D. S. Harkness (Calgary North): Mr. Speaker, in view of the general confusion of mind which exists with regard to this whole matter, I wonder if the Prime Minister could outline the sequence of events in connection with it; by which I mean, who initiated and carried on the negotiations in regard to this matter, what documents did the Province sign, and when were they signed; and what documents, if any, did the Federal Government sign, and when were they signed?

Mr. Pearson: Mr. Speaker, to get a complete reply it would be, I think, desirable to put this question on the order paper so that all the details can be made public, as indeed they should be made public. If my hon. friend would like to have a tentative reply, because we have not all the details here, my hon. friend the Secretary of State for External Affairs is, I think, in a position to give it.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, perhaps by way of a supplement to the reply given by the Prime Minister I might point out that the Federal Government was, of course, aware of the desire of the government of Quebec with regard to an agreement covering cultural exchanges with France. The procedure to make effective this entente, this consensus was discussed by me with the Minister of Foreign Affairs for France, and in February the agreement between the Quebec government and France was signed. On the same day there was an exchange of notes, as the Prime Minister mentioned a moment ago, between the governments of Canada and

France which served as the basis for the arrangements entered into between Quebec and France.

Mr. Harkness: A further supplementary. Was this exchange of notes, which the Secretary of State for External Affairs mentioned took place in February, before or after the Province of Quebec had signed an agreement, or something of that nature, with the Government of France?

Mr. Martin (Essex East): The agreement on education in February was the first such arrangement concluded between that jurisdiction and the foreign power in question. This matter has already been covered by arrangements made on other occasions. For instance, the Province of British Columbia recently was anxious to engage in an arrangement with the United States for the sale of downstream benefits of the Columbia river; and as my hon. friend knows, he was a member of a government which conducted, on behalf of the owner of the resource in question, negotiations with the United States. The resource came within the control of the province and could only be dealt with with the approval of the province, but as that province did not have any locus standi with the government of the United States the only way in which a treaty in that matter could be reached was through the Government of Canada. A procedure similar to that was followed in this instance.

Mr. Harkness: Mr. Speaker, notwithstanding the use of a few Latin phrases I think the Secretary of State has further confused the issue rather than shed light on it. Therefore I would ask him whether he could prepare a clearer statement in answer to the question I asked and give it to the House tomorrow if he is not in a position to give it to us today.

Mr. Martin (Essex East): Mr. Speaker, I failed to recollect that my hon. friend was not a lawyer, and on that account I suppose I should not have used a foreign language. But "locus standi" has a well known meaning among lawyers, and I think it covers this situation aptly.

Mr. Diefenbaker: Mr. Speaker, in connection with the locus standi would the Minister say whether, as Mr. Gérin-Lajoie says, the fact is that the agreement was signed in Paris? "We did not even inform them"—that is the Government of Canada—"of the negotiations which were in progress", Mr. Gérin-Lajoie said. Is that correct or is it not? When the signatures of the province of Quebec and the Republic of France had been duly affixed it was then, for the first time, that the Government of Canada, through the Department of External Affairs, took an interest in the matter at all.

Mr. Martin (Essex East): Mr. Speaker, I think we have already dealt with this aspect of the question.

Mr. Diefenbaker: No.

Mr. Martin (Essex East): My right hon. friend is reading from a newspaper report, and I have learned from long practice in this House that before replying to a newspaper article it is well for one to have carefully read the article. I have not read the article to which my right hon. friend directs my attention; I will do so, and if I think it warrants a further reply perhaps I can give it later.

Mr. Diefenbaker: Does the Minister agree with the Premier of Quebec that in the remarks which were made by the Minister the other day there is a clear indication that the Minister did not know what he was talking about?

• (3:00 p.m.)

Mr. Martin (Essex East): Mr. Speaker, there may well be people who would feel that a minister often says things when he does not know what he is saying, but I can assure my hon. friend that in this instance that would not be a correct assessment to make of my position.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a further supplementary question for the minister. Would the minister not agree that any so-called international agreements made by a province must in virtually all cases be subject to federal acquiescence because of the paramount constitutional right to the national government to prohibit, regulate and control entry to and exit from Canada of persons and goods?

Mr. Martin (Essex East): Mr. Speaker, my hon. friend has obviously studied the statement I made on Saturday carefully and his assessment is the correct one.

Hon. Marcel Lambert (Edmonton West): A supplementary question, Mr. Speaker. Does the Secretary of State for External Affairs now suggest by his use of language that the words "agreement", "treaty", "entente" and "consensus" are co-equal in meaning?

Mr. Martin (Essex East): No, Mr. Speaker. It is clear under international law, as my hon. friend, a good lawyer, knows, that they are not always co-equal in meaning.

Mr. Lambert: Then why is the minister using them as being co-equal this afternoon?

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I have a supplementary question on the point raised by the hon. member for Edmonton West. When this matter is being discussed or when further information is being tabled, will the minister tell us the difference between a treaty, an arrangement, an entente, a note and an agreement?

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to put a supplementary question to the Secretary of State for External Affairs.

Could he tell us whether he has met or intends to meet the Quebec minister of education in order to discuss with him the jurisdiction of the Quebec government with regard to the signing of international agreements in the field of education?

[*Text*]

Mr. Pearson: Mr. Speaker, perhaps I can answer that question. I hope to have the pleasure of meeting the minister in question very shortly on this and related matters.

Mr. Diefenbaker: Are there other agreements too?

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs. Is the use of the word "entente" meant to indicate that some new kind of automobile is being imported into Windsor?

Mr. Martin (Essex East): Mr. Speaker, the phrase "entente" was, of course, a phrase that was mutually agreed on by the Government of Canada and the Government of Quebec to describe a situation within the context of the over-all authority of the Federal Government under the British North America Act.

With regard to the question of automobiles, I might say that conditions in the city of Windsor at the present time with respect to automobile production reveal that employment is at its highest level, notwithstanding recent adjustments within that industry.

[*Later:*]

Mr. Speaker: It was my understanding that the Prime Minister suggested that the press release dealing with the provinces and treaty making powers be printed as an appendix to *Hansard*. Does he have the consent of the House?

Mr. Diefenbaker: I think it should be in *Votes and Proceedings* rather than in *Hansard*.

Mr. Speaker: In *Votes and Proceedings*, then?

Some hon. Members: Why?

Some hon. Members: No.

[*Translation*]

Mr. Grégoire: Mr. Speaker, would it not be fitting for the Prime Minister to read again that statement here in the House, on motions, so that opposition members may have the opportunity to make their comments in this regard?

On the whole, that statement is important enough to allow us to enlighten the government by acquainting them of our ideas on this matter. That would be valuable to everybody.

[*Text*]

Mr. Pearson: I could save time by sending all hon. Members a copy of the statement this afternoon, if that is desired.

[*Translation*]

Mr. Grégoire: Mr. Speaker, we would like the Prime Minister to afford us the opportunity to make some comments on this statement. That is why I am wondering whether he would not agree to revert to motions in order to read the said statement. In this way we would have the opportunity today or tomorrow to make our comments.

[*Text*]

Some hon. Members: No.

Mr. Pearson: I would remind the hon. gentleman that the budget will be introduced at eight o'clock this evening.

VIET NAM—INQUIRY AS TO NEGOTIATIONS RESPECTING SETTLEMENT

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I have a question for the Secretary fo State for External Affairs. In view of the visit of the Soviet Foreign Minister to France and in view of the statements already made by Mr. Gromyko and Mr. Maurice Couve de Murville regarding Viet Nam, has the minister been or is he in communication or does he intend to be in communication with either the French or Soviet Foreign Minister or perhaps the Secretary of State of the United States regarding any possible negotiations or

settlement in relation to the critical situation in Viet Nam?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian Government has been in consultation for a number of weeks now with a number of the governments represented at the Geneva conferences in 1954 and 1962. I hope some day soon to have the opportunity of discussing certain matters with Mr. Couve de Murville when I see him at the NATO meeting, and before that next week in Paris.

VIET NAM—REPORTED STATEMENT BY U.S. SENATOR

On the orders of the day:

Mr. J. Chester MacRae (York-Sunbury): I should like to address a question to the Prime Minister. I trust he received the notice I sent him this morning. It is based on statements that were made over the Canadian Broadcasting Corporation on Thursday evening last by Senator Wayne Morse, the Democratic Senator from Oregon. He said in effect that the Prime Ministers of Canada, Great Britain and Italy had been patting the United States on the back with words of encouragement as to her war-making policies in Viet Nam, but they should send troops if they mean it; that there are no British boys dying in South Viet Nam; there are no Canadian boys dying in South Viet Nam, and there are no Italian boys dying in South Viet Nam.

My question is in two parts, and perhaps I should ask both to give the Prime Minister an opportunity to reply. First, will the Prime Minister advise the House if he did, in effect, commend the President of the United States upon his policy as far as Viet Nam is concerned? Second, would the Prime Minister consider replying to the second part of Senator Wayne Morse's statement in which he said that there are no Canadian boys dying in Viet Nam by pointing out that Canadians in the Gaza strip, in the Congo and Cyprus have been playing their full part in the never ending struggle for world peace? Finally, would the Prime Minister point out to Senator Wayne Morse that for three years in World War I and two years in World War II, Canada and Britain fought by themselves for the democratic freedom we enjoy?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, so far as the first part of the question is concerned, I think the Government has made its position quite clear. It supports the purposes and objectives of United States policy in Viet Nam. So far as the second part of the question is concerned, my hon. friend has answered it more eloquently than I could ever hope to do.

POSSIBLE USE OF NUCLEAR WEAPONS BY U.S.

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Would the Prime Minister say whether the Canadian Government has been informed by the United States that the use of nuclear weapons is a possibility under circumstances which as yet have not been defined? Will he also say whether, in view of the very perilous situation in Viet Nam and the need for an expression of the views of Members of this House generally, one day this week may be set aside so that a discussion can take place on this matter and the House can express itself regarding events that have taken place as well as the build-up of United States activity since the Prime Minister gave his admonitory words and the suggestion about the pause that would refresh?

Right Hon. L. B. Pearson (Prime Minister): I have seen the reports to which my hon. friend refers, and I share his concern over those reports. However, I would point out that these are newspaper reports, and there is no evidence of which I know from official sources to confirm these reports. I think, Mr. Speaker, we have no reason to assume that the United States Government is contemplating that course.

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): As a supplementary question, Mr. Speaker, would the Prime Minister inform us whether he or the Secretary of State for External Affairs made any inquiries in Washington as to the correctness of the definite statement in the press that this view had been expressed with respect to reserving the United States' right to use nuclear weapons?

Mr. Pearson: This report appeared only this morning. Naturally we will follow it very closely and do our best to see if there is any basis for it, but I would like to emphasize that this is a newspaper report and there is no evidence that this is the policy or intended policy of the United States government.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I am at a loss to understand why the Prime Minister did not see the report earlier, because I saw it in Dublin two days ago; the same report.

Inquiries of the Ministry

Mr. Pearson: The Irish newspapers, Mr. Speaker, are very imaginative.

[*Later:*]

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a supplementary question to the Prime Minister relating to the questions and answers of a few minutes ago. Pending information from Washington as to the position of the United States with respect to its operations in Viet Nam is it not possible for the Canadian Government to declare here in this House of Commons its opposition to the use of nuclear arms in that situation?

Mr. Pearson: I think our views with regard to the use of nuclear arms are well known.

Some hon. Members: What are they?

[*Later:*]

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, my question is for the Prime Minister. In view of his statement a few moments ago to my colleague from Winnipeg North Centre, that the views of his Government with regard to the use of nuclear weapons in South Viet Nam and North Viet Nam were well known—I presume in Washington—would it be possible for him to take this House into his confidence and tell us what they are; for I for one do not know what the policy of this Government is in this respect, and I doubt if any other Member of the House knows.

Mr. Pearson: Mr. Speaker, I might say that we hope and expect that no Government in any part of the world will ever feel that the use of nuclear weapons is required. Our own position in this matter is very much like that of the Prime Minister of the United Kingdom and his Government, whom my hon. friend's leader is visiting at the present time.

REQUEST FOR STATEMENT ON INDIA-PAKISTAN SITUATION

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I would like to direct a question to the Secretary of State for External Affairs. Is he in a position to give the House an up to date report on the difficulties that are taking place between two members of the Commonwealth, Pakistan and India? The second part of my question is, is Canada using her good offices to try to resolve the present dispute between our two partners in the Commonwealth?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, as the hon. Member knows, there have been a series of incidents on the northwestern boundary between the Indian state of Kutch and the Pakistan province of Sind. Canada is supporting the United Nations military observer group in India and Pakistan. There are 16 Canadians serving at the present time with that group, supported by one Caribou aircraft. The Government is following the situation closely because we are naturally concerned at any incidents which affect relations between two of our fellow members of the Commonwealth.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

Mr. Nesbitt: Is this Canadian observer corps in the State of Kashmir or in the more southerly part on the boundary between the two countries where hostilities are taking place?

Mr. Martin (Essex East): I cannot say whether they are immediately, at this moment, in that particular vicinity. It is a mobile operations observer group, but I intend to seek that information.

VISIT TO RUSSIA BY NORTHERN AFFAIRS MINISTER

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I have a question for the Minister of Northern Affairs and National Resources. Does the Minister intend to make an official tour in the Soviet Union shortly; and if so, what is the purpose of the visit?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, it was not my intention to make an announcement at this time, but I am informed that today His Excellency the Soviet Ambassador made certain reference to it.

I very much appreciate an invitation I have received to spend two weeks in the Soviet Union as the guest of the Soviet Government and it is my intention to take, as a second representative of Canada, my Parliamentary Secretary, the hon. Member for St. Lawrence-St. George. In addition we will be taking four officers of the Department who are informed in northern matters in our own country. It has been indicated to us that we will have an opportunity of seeing the more northern reaches of the Soviet Union, and I hope this will be of benefit to us.

Mr. Aiken: May I ask a supplementary question, Mr. Speaker. Is there also an arrangement being made for a return visit by Soviet Officials to Canada?

Mr. MacInnis: What about the Member for Red Deer?

Mr. Laing: A return visit has been discussed, Mr. Speaker.

Mr. Speaker: The hon. Member for Brandon-Souris.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, mine was a supplementary question along the same lines.

FLOODS

RED RIVER—APPRECIATION OF ASSISTANCE RENDERED

On the orders of the day:

Mr. W. H. Jorgenson (Provencher): Mr. Speaker, I should like to direct my question, which is more in the nature of a request, to the Minister of Trade and Commerce and the Minister of Transport. I would ask them to convey to the Canadian Wheat Board and Canada's national railway the sincere appreciation of the people of Provencher who live along the Red river for their splendid co-operation when the people of that area were faced with a threatened flood which fortunately did not materialize to the extent expected.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I shall be very happy to pass along these words of congratulation and thanks, and may I express my hope that conditions will rapidly improve in the hon. Member's constituency.

PUBLIC SERVICE

TRANSPORT DEPARTMENT—ALLEGED DISCRIMINATION AGAINST FRENCH CANADIANS

On the orders of the day:

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, my question was meant for the Minister of Transport, but since he is not in the house I shall put it to the Prime Minister.

Over the week end we all heard over the radio and on television and read in the newspapers the statement made by Mr. Dominique Joncas, president of the association of French-Canadian federal civil servants.

Now, Mr. Joncas is accusing the Department of Transport of purely and simply practising discrimination against French Canadians.

Inquiries of the Ministry

Does the government intend to conduct an inquiry to find out if any employee of the Department of Transport is really being discriminated against at the present time?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I read that statement in the press and I am taking it up with the Civil Service Commission and the Minister of Transport.

POLITICAL ACTIVITIES OF NATIONAL REVENUE CLERK IN HAMILTON, ONT.

On the orders of the day:

Mr. William Dean Howe (Hamilton South): I should like to address a question to the Minister of National Revenue based on an article which appeared in the Hamilton *Spectator* on April 22 concerning one John Beattie, a customs clerk who has set himself up as head of the Canadian Nazi party. Would the Minister care to comment on Mr. Beattie's employment position relative to this political activity?

Hon. E. J. Benson (Minister of National Revenue): Could I take this question as notice?

LABOUR CONDITIONS

WINDSOR—ANNOUNCEMENT OF LAY-OFFS BY FORD COMPANY

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Prime Minister. Could he make a statement to the House now which might allay the worries of thousands of Canadian workers with regard to the large scale lay-offs as announced by Ford in Windsor last week, which are taking place as a result of the implementation of the Canada-United States automotive agreement, which statement would indicate that the matter will be dealt with quickly by the government?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am going to ask the Minister of Labour to deal with that matter.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, on Thursday last, as hon. Members may recall, the progressive lay-off of some 1,600 workers between mid-May and August was made public by the United Automobile Workers and later confirmed by the Ford Motor Company. The lay-offs are for the purpose of modernizing and retooling the

engine and transmission plants of the company at Windsor, and there is a strong possibility that when the procedure is completed total employment will be increased as a result of this operation. It is expected that the men will be rehired progressively commencing in the autumn of this year.

With your indulgence, Mr. Speaker, I should like to make a rather longer than usual reply to this question if I may do so.

Mr. Diefenbaker: Mr. Speaker, possibly we could revert to motions, because some members want to make observations regarding this matter.

Mr. MacEachen: In that case I will reply directly to the hon. Member by saying that the announced lay-off covers 1,600 men and is to begin in mid-May and conclude in August. The employment situation in Windsor itself is very strong indeed, and the prospects for the re-employment of the first two groups in the Windsor area are very good indeed.

We have asked the president of the Ford Motor Company to come to Ottawa tomorrow morning to discuss this matter with the Government, and a meeting has been arranged for later in the week with the President of the United Automobile Workers for the purpose of discussing this matter.

Mr. Orlikow: A supplementary question, Mr. Speaker. I should like to ask the Minister what consideration the Government has given to the proposal made to the Minister of Labour, the Minister of Industry and the minister for Windsor that a tripartite meeting of Government, management and labour be set up to meet continuously in order to deal with the problems that have arisen as a result of the agreement in the first instance. If such a meeting has not been called, as the deputy minister indicated it would be, is it because the management of the big companies have refused to participate in such a meeting?

Mr. MacEachen: Mr. Speaker, I agree in principle with the desirability of joint Government, labour and management co-operation in an effort to solve this question. That was my position earlier and it is my position today. In an effort to reach that objective I called a meeting of the company presidents in Ottawa on April 9, and at that meeting it was made clear that further groundwork ought to be done before considering a tripartite meeting of the kind suggested.

• (3:10 p.m.)

We did agree, however, at that meeting that the officials of my department and the Department of Industry would conduct very intensive discussions with company officials to determine in each case the exact extent of the displacement problem. When that is completed, and after a further review of the situation, it may be possible to consider the kind of meeting suggested by my hon. friend, with which I am in agreement in principle.

Mr. Orlikow: I should like to ask the Minister how, then, the statement he makes now about things which will happen some day in the future jibes with the speeches the Minister and his officials have been making about labour-management co-operation, manpower policy, and how we are ready to move whenever it is required.

Hon. Michael Starr (Ontario): May I ask a supplementary question. The Minister in his statement concerning the laying off of 1,600 men mentioned two groups that would have a reasonable opportunity for new employment. I wonder if the Minister could tell us how many of the 1,600 are included in these two groups.

Mr. MacEachen: Before replying to my hon. friend may I congratulate him on becoming the Opposition House Leader, and tell him I am relying in the future on his good work.

In reply to his question, it is my understanding that approximately 500 workers will be included in the first two lay-offs, for whom there is a good prospect that employment will be available in the Windsor area, particularly in the Chrysler operation.

Mr. Starr: What arrangements are then being made for the 1,100 who will be laid off later? What opportunities for employment are available in the Windsor area for them?

Mr. MacEachen: I have asked the officials of the National Employment Service at regional headquarters in Toronto to go to Windsor to help develop a program of adjustment in consultation with the Ford Motor Company. We are having a meeting tomorrow with the President, and later in the week with Mr. Burt. We are striving to develop a program that will meet this situation that will not fully develop until August. We do have considerable time to reach what I would hope would be a satisfactory solution.

Mr. Starr: Is the Minister prepared then, under the circumstances, to declare Windsor a labour surplus area so the expenses of moving these workers to other areas where jobs may be available would be paid?

Mr. MacEachen: As my hon. friend knows, Mr. Speaker, Windsor is a designated area. We hope, because of the expanding employment opportunities, it may be dedesignated very shortly. It is my suggestion that we ought not to consider moving workers from the Windsor area, an area of expanding employment opportunities.

Mr. Starr: Can the Minister explain then why Windsor is a designated area now, when the minister for external affairs tells us that the situation was never as good as it is now?

Mr. MacEachen: Windsor was designated an area of chronic unemployment two years ago, and because of improved employment it is likely that it will lose that undesirable status.

Mr. Starr: You mean after the 1,600 are laid off?

WATER RESOURCES

REPORTED STATEMENT BY MINISTER TO U.S. CONFERENCE

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): As one of the Members of this House who could be accused of having water on the brain, I wish to address a question to the Minister of Northern Affairs and National Resources and I do so with buoyant, expectant anticipation. In view of the Minister's recent attendance at the Pacific Northwest Trade Association conference, the topic of which was "Water, the Ultimate Resource", held at Portland, Oregon, and in view of the speech made by the Minister, which I understand is of continental interest, will the Minister at the first opportunity make a statement with respect to Canadian Government policy in connection with the proposals of the North American Water and Power Alliance?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I thank the hon. Member for having spoken to me and informing me he was going to ask this question. It is in such general terms that I think I should not attempt to give an answer today. I made the speech in Oregon on April 12, and I will be happy to send him a copy. Thereafter, if there is any particular matter about which he would like to inquire, he can do so. Probably we would work more effectively that way.

Inquiries of the Ministry

ADMINISTRATION OF JUSTICE

REPORT BY LAW SOCIETY RESPECTING ONTARIO SUPREME COURT JUDGE

On the orders of the day:

Mr. Andrew Brewin (Greenwood): I wanted to ask the Minister of Justice a question but I have not given him notice of it. Perhaps he would like to take this as notice. Has he received a copy of a report from the Benchers of the Law Society of Upper Canada concerning the position of Mr. Justice Landreville on the Bench of the Supreme Court of Ontario, and if so can he tell us what action, if any, he proposes to take on it?

Hon. Guy Favreau (Minister of Justice): I am willing to accept the hon. Member's suggestion and take this question as notice.

LUCIEN RIVARD—INQUIRY AS TO WHEREABOUTS

On the orders of the day:

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I would like to ask a question of the Minister of Justice.

Has he any news concerning Lucien Rivard? Was he found in Spain or elsewhere?

Can the minister inform the house about his whereabouts, or can he tell us if the R.C.M.P. is making any headway in locating this individual who was sprinkling skating rinks in summertime?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, in answer to this question, I must state, as I already did, that it would not be in the interests of this house or of the administration of justice, if I made progress reports as it were, concerning the investigations in this matter.

• (3:20 p.m.)

[*Text*]

NATIONAL PARKS

INQUIRIES RESPECTING ADDITIONAL PARKS IN SASKATCHEWAN AND ONTARIO

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I have a question I would like to direct to the Minister of Northern Affairs and National Resources. Last week the Government of Saskatchewan announced that the Federal Government was considering the possibility of a second national park in the Province of Saskatchewan. In view of the very high potential of the Moose Mountain

parkland area, would the minister consider this area as a site for Saskatchewan's second national park?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, we are now engaged with the Province of Saskatchewan in looking over that area of the Cypress Hills which is part of Saskatchewan. It may well be that in the discussions which take place between our people and theirs, other areas of Saskatchewan will be looked at as well, and I shall certainly draw the hon. Member's words to the attention of our parks department.

Mr. Eric A. Winkler (Grey-Bruce): As a supplementary question, would the Minister say whether there is such a co-operative examination going on in the province of Ontario?

Mr. Laing: Mr. Speaker, for some time now I have owed the hon. Member a letter, and I dropped it in the mail box the other night. I think he will have it today and, with respect to the inquiry he is making regarding the Province of Ontario, I hope it is a satisfactory reply.

Mr. Winkler: May I thank the Minister for this information. I have been looking for this letter for days and days, and it had not reached me as of 2.30 this afternoon.

Hon. W. G. Dinsdale (Brandon-Souris): As a further supplementary question, could the Minister inform the House whether the consideration of the Cypress Hills area in Saskatchewan extends across the boundary into Alberta, taking in that whole geographic area?

Mr. Laing: Yes, Mr. Speaker. On two or three occasions I have endeavoured to discuss this matter with the Minister of Resources for the province of Alberta, and on one occasion I have spoken with the Premier of Alberta. It would be our desire to incorporate the Cypress Hills on both sides of the provincial border. Some of our people are rather of the opinion that the more desirable portion is on the Alberta side, although I would not want to take sides as between two provinces; and, in the light of a review of the position of Wood Buffalo National Park we have not yet given up hope with respect to this particularly beautiful area of southern Alberta in our discussions with the Province of Alberta.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, may I ask the Minister whether the suggestion that the Cypress Hills area be incorporated into a national park has been discussed with Alberta apart from any barter arrangement regarding the Wood Buffalo National Park? In other words, has it been discussed as a potential program on its own merits?

[Mr. Southam.]

Mr. Laing: No, Mr. Speaker, but I am quite certain that if Alberta had been desirous it could have been separated in the discussions.

Mr. P. V. Noble (Grey North): Mr. Speaker, I too listened to the news release by the Minister in respect of national parks, and I would like to ask him would he specifically direct his attention to the excellent sites we have available in the Georgian Bay area?

INDIAN AFFAIRS

PERSONNEL OF INTERDEPARTMENTAL COMMITTEE ON GAME AND FISH LAWS

On the orders of the day:

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, on April 12, the day before the recess, the hon. member for Yukon inquired about the composition of the interdepartmental committee which I had announced earlier was being established to conduct a comparative study of the promises contained in the various Indian treaties and surrenders as related to the laws respecting game and fish.

The committee has now been formed and its members are: Mr. E. R. Olson of the Department of Justice, who will act as chairman; Mr. J. S. Nutt of External Affairs; Dr. A. L. Pritchard of Fisheries; Dr. D. A. Munro of Canadian Wildlife Service; Mr. C. M. Bolger, Northern Affairs and National Resources and Chief Superintendent C. B. Macdonell of the R.C.M. Police. The Department of Citizenship and Immigration will be represented on the committee by Dr. G. C. Monture and Mr. L. L. Brown.

With this representation the Committee will comprise persons trained in the law, those concerned with the conservation of fish and game, and those having broad experience in matters relating to Indian affairs and to northern administration. The committee has already begun its study.

Mr. Frank Howard (Skeena): As a supplementary question, Mr. Speaker, could the Minister give some indication how long these studies might take? Has he any estimate to make about that? Also, can he indicate

whether he intends to broaden the scope of the Committee's inquiry so as to include hunting and fishing rights of native Indians not covered by treaties?

Mr. Nicholson: Mr. Speaker, I shall be glad to look into the second part of the question. I really think the directions that have been given to the committee are quite wide enough to include such a study, but I will make sure that they are. With regard to the length of time the Committee will take, it is too early to make an announcement at this early date.

[*Later:*]

Mr. O. J. Godin (Nickel Belt): I should like to direct a supplementary question to the Minister of Citizenship and Immigration in connection with the discussion of the Indian Claims Commission which took place a few minutes ago. Can the Minister advise the House whether the Indian population of the country will be represented on this commission?

Mr. Nicholson: The answer to that question is yes. Dr. G. C. Monture, O.B.E. is a member of the Six Nations at Brantford. He taught school on the Six Nations Reserve early in his career and he has maintained a lively interest in Indian affairs. He has worked closely with the Indian-Eskimo Association of Canada ever since its formation.

During a distinguished career in the federal civil service Dr. Monture has represented Canada on a number of international conferences. For his valuable wartime services as Canadian executive officer of the Combined Production and Resources Board in Washington, he was honoured by being made an officer of the Order of the British Empire.

Dr. Monture is singularly well qualified by background, training and experience to make a significant contribution to the work of the interdepartmental committee.

DOMINION-PROVINCIAL RELATIONS

REPORTED STATEMENT RESPECTING PROVINCIAL TAX REVENUES

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Prime Minister. In view of the public statement made recently by the Canadian High Commissioner in London, England, to the effect that the provinces of Canada must have more tax revenue, I am sure the Prime Minister will agree that this is an infringement by the High Commissioner on matters which are the subject of Government policy and beyond the scope of the high office he holds, and I would ask the Prime Minister whether he has brought this to the attention of Mr. Chevrier.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I think if my hon. friend read the text of the statement, especially that observation to which he refers, in the context of the speech itself, he would come to the conclusion that what the High Commissioner said was quite appropriate in the circumstances, that provinces need greater tax revenue and also that the federal Government needs greater tax revenue.

Mr. Diefenbaker: Is that a preview of tonight?

Mr. Starr: In view of what the Prime Minister has just said, that this was an appropriate statement, can he tell us how the Minister of Finance is going to bring about tax cuts tonight?

TERMS OF REFERENCE RESPECTING OFF-SHORE MINERAL RIGHTS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I have a question for the Prime Minister. In view of the fact that additional oil companies have applied for further licences for the exploration of mineral rights off the coast of Nova Scotia, could the Prime Minister advise whether the provinces have agreed on the terms of reference to the Supreme Court of Canada and, if so, when will this reference probably be made?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is my understanding that the terms of reference have now been submitted to the court, but I would like to look into that and I shall make a statement tomorrow.

• (3:30 p.m.)

INQUIRIES OF THE MINISTRY

On the orders of the day:

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I should like to put a question to the Minister of Justice.

At noon today I heard that yesterday the minister visited the riding of Villeneuve, one of the fine ridings of Quebec. Indeed, he seems to have been of some help to me.

On that occasion did his Liberal friends from the Malartic area convince him that I am sure to be returned at the next election?

Inquiries of the Ministry

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I must say that the hon. member for Villeneuve has been very lucky to represent such a fine riding until now. However, had he attended the meeting for the nomination of a candidate for the next election he would have been slightly disappointed by such enthusiasm on the part of Liberals.

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

Did the minister not notice that half the audience were Créditistes?

[*Text*]

Mr. R. Gordon L. Fairweather (Royal): I have a question for the Minister of Forestry; I have been curious about this since reading *Le Devoir* of April 22. What are the results of the Minister's reflection on his political future, and did he find the necessary calm for reflection he sought on his recent trip?

[*Translation*]

Hon. Maurice Sauvé (Minister of Forestry): Mr. Speaker, I thank the hon. member for being concerned with my fate; but in due time he will see what happens.

[*Text*]

FISHERIES

NOVA SCOTIA—REQUEST FOR ICEBREAKING ASSISTANCE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I have a question for the Prime Minister. Has the right hon. gentleman received a telegram which reads as follows:

> Fishermen of East Halifax county and Guysborough county are suffering from heavy ice along Eastern coast of Nova Scotia. Respectfully request Federal vessels break up ice and fisheries department extend lobster season.

If so, will the Prime Minister take this matter up with the proper officials in order to provide this very necessary assistance to our Nova Scotia inshore fishing?

Right Hon. L. B. Pearson (Prime Minister): I am not sure whether I have received that telegram. In any event I will certainly take it up at once in view of what the hon. Member has said.

[*Later:*]

Mr. J. E. Lloyd (Halifax): I have a question for the Minister of Fisheries; in a way it is supplementary to the question directed to the Prime Minister by the hon. Member for Queens-Lunenburg.

What steps are being taken by the Department to ascertain the full extent of the damage done by ice along the eastern shore of Nova Scotia particularly in the Port Dufferin, Ecum Secum and the Liscomb areas? I understand that the extent of this damage is such that it has now reached disaster proportions. I wonder what steps have been taken by the officials to ascertain quickly and fully the extent of the losses.

Hon. H. J. Robichaud (Minister of Fisheries): Although I did not receive such a telegram as was mentioned a while ago by the hon. Member for Queens-Lunenburg—

Mr. Crouse: Mr. Speaker—

Mr. Robichaud: I think the hon. Member wishes to intervene to say that the telegram he referred to was to have been sent to the Prime Minister. I agree. But representations were made to me earlier today by the hon. Member for Halifax and the hon. Member for Antigonish-Guysborough, and I have asked officials of my Department to investigate immediately to determine the extent of the damage and ascertain whether it has reached disaster proportions. I wish to make it clear that in such a case representations would have to be made by the Government of the Province.

INDUSTRY

BENEFITS OF CANADA-U.S. AUTOMOBILE AGREEMENT TO CANADIAN CONSUMERS

On the orders of the day:

Mr. A. D. Hales (Wellington South): I should like to address a question to the Prime Minister. Before the Easter recess the right hon. gentleman said he would check the facts in order to determine whether the United States Government was collecting duty on Canadian cars being shipped into the United States, and also that he would give us a more comprehensive report as to the circumstances in which Canadian made Ford cars are being sold at lower prices in Buffalo that those charged to Canadian consumers.

Right Hon. L. B. Pearson (Prime Minister): We have taken steps to secure that information but I believe it has not arrived as yet. We hope it will be here within the next day or so.

SHIPPING

REPORTED COMPLAINTS RESPECTING SHIP "NORTHCLIFFE HALL"

On the orders of the day:

Mr. Frank Howard (Skeena): I wonder whether in the absence of the Minister of

Transport I could direct a question to the Acting Minister and ask whether he or the Department has any knowledge of an accident which befell the *S.S. Northcliffe Hall* over the week end, a ship which two officers quit before it left Montreal and which has been declared unseaworthy; and whether the Department will conduct an investigation into the allegations and complaints of the seamen aboard this vessel.

Hon. E. J. Benson (Minister of National Revenue): I will take up this matter with the Minister of Transport, who will undoubtedly deal with the question on his return.

INCOME TAX

ACCEPTANCE OF STATEMENTS RESPECTING CHARITABLE DONATIONS

On the orders of the day:

Mr. M. W. Martin (Timmins): I have a question for the Minister of National Revenue. I regret not having had time to give him notice, but in view of his grasp of the affairs of his Department I am sure he will be able to answer without notice. Can the Minister inform me whether it is Government policy to have officials of the Income Tax Branch question the word of clergymen and other individuals with regard to charitable donations for income tax purposes, which in effect accuses them of making false declarations without proving the charge?

Hon. E. J. Benson (Minister of National Revenue): It is not the policy of the Government or of the Department of National Revenue to accuse anyone falsely.

Mr. Martin (Timmins): I should like to take this matter up at ten o'clock, Mr. Speaker.

• (3:40 p.m.)

LABOUR RELATIONS

FEDERAL INTERVENTION IN STRIKE AT CANADAIR PLANT, MONTREAL

On the orders of the day:

[*Translation*]

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

Since contracts let by the Canadian Government to Canadair, are now being carried out, does his department intend to intervene one way or another so as to put an end to the conflict between management and labour which has resulted in a strike of Canadair employees in Montreal?

[*Text*]

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, it would be certainly an unwarranted intrusion into provincial matters for the Minister of Labour to enter a situation which is within the exclusive authority of the Province of Quebec.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to direct a supplementary question to the Minister of Labour.

Has he received representations from the United States government asking him to intervene in the settlement of the dispute at Canadair plants? Has the Minister of Labour or the Secretary of State for External Affairs received such representations from the United States government?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I personally did not receive any such representations or request.

[*Text*]

COMMONWEALTH RELATIONS

POSSIBLE POSTPONEMENT OF PRIME MINISTERS' CONFERENCE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, just a short question to the Prime Minister. Is there any foundation for the suggestion that negotiations have been going on or consideration has been given by the various countries of the Commonwealth to a postponement of the date of the Prime Ministers' Conference, which I believe was set earlier for the first or second week of June?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, I am not aware of any negotiations or discussions of any kind toward a postponement.

DEFENCE PRODUCTION

CENTRAL AGENCY FOR PURCHASE OF GOVERNMENT AUTOMOBILES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I would like to address my question to the Minister of Defence Production, but in view of his absence perhaps the President of the Privy Council could answer it. Is it the intention of the Government to set up a central purchasing agency for all non-military cars for Federal use?

Inquiries of the Ministry

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, I would prefer to take that question as notice.

ROYAL CANADIAN MINT

ORDERS FOR NEW COIN SERIES

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to ask the Minister of Finance a non-controversial question, and it is this. When is he going to make an announcement to the effect that the Mint will be prepared to take new orders for the coin sets?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I acknowledge that that was a non-controversial question, and I hope it is an indication of the kind of questions that we may have from the hon. gentleman from now on in his new position.

Mr. Starr: There is no guarantee of that.

Mr. Gordon: I undertook, Mr. Speaker, that some time before the end of this month I would make a complete statement on the situation at the Mint, and I hope to do that before the end of this week.

HEALTH AND WELFARE

FEDERAL RESPONSIBILITY FOR INCREASED COST OF OUTPATIENT CARE

On the orders of the day:

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I should like to reply to a question that was put to me on April 12 by the hon. Member for Medicine Hat concerning the effect of possible extensions in the hospital insurance plans of Quebec and Alberta to provide certain outpatient services.

While this is a subject which comes more within the responsibility of the Minister of National Health and Welfare, I can say that any such extension in services would require an amendment to the existing hospital insurance agreements before any costs could be shared. It is my understanding that no formal request for an amendment of the existing agreement has been received yet from the Province of Quebec, but such a letter was received today in the Department of National Health and Welfare from the Province of Alberta. There has not yet been time to consider the Alberta request, so I am not in a position to give a precise answer to my hon. friend's question.

[Mr. Hales.]

PENSIONS

LEGISLATION RESPECTING SUPERVISION OF PRIVATE PLANS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Finance. Would the Minister say whether he will soon be introducing the legislation which he forecast on December 18 of last year concerning the supervision of private pension plans for employees who come under Federal jurisdiction?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I hope to be introducing not only that particular piece of legislation but others that I referred to even earlier. I am thinking particularly of the legislation respecting revision of the Bank Act.

Mr. Knowles: A supplementary question, Mr. Speaker. Will the pension legislation be introduced at this session?

Mr. Gordon: Mr. Speaker, I hope all this legislation will be introduced at this session.

HATE LITERATURE

CONSIDERATION BY COMMITTEE ON EXTERNAL AFFAIRS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to redirect to the Secretary of State for External Affairs the question that I previously asked the Prime Minister, and inquire whether steps will be taken to refer to the External Affairs Committee of this House the subject matter of hate literature, upon which considerable work was done by the Committee at the last session.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I am sure this is a desirable thing to do. I will see that the necessary arrangements are made through the Chairman of the Committee and that whatever other things must be done to make this possible are done.

THE SENATE

ESTABLISHMENT OF RETIREMENT AGE FOR SENATORS

Hon. G. J. McIlraith (President of the Privy Council) moved that the House go into Committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the retirement, upon attaining the age of seventy-five years, of any person appointed to the Senate after the coming into force of the said measure; to extend the provisions of the Members of Parliament Retiring Allowances Act to

such persons; to provide for the granting of an annuity to any person appointed to the Senate before the coming into force of the said measure who resigns his place in the Senate after having attained the age of seventy-five years or having become afflicted with a permanent infirmity disabling him from the performance of his duties; and to provide further for the granting of an annuity to the widow of a person who was granted such an annuity upon resigning his place in the Senate.

Motion agreed to and the House went into Committee, Mr. Lamoureux in the Chair.

• (3:50 p.m.)

Mr. McIlraith: Mr. Chairman, this proposed legislation envisages a situation whereby Senators will hold their places in the Senate until the age of 75 years is attained, rather than for life as at present. It is proposed that this situation be brought about by the following method: First, that any person summoned to the Senate after the coming into force of this legislation would be subject to compulsory retirement at the age of 75 years. Senators who are now holding their places in the Senate would not be interfered with. However, they would be given the option of retiring with an adequate retiring allowance, if they so wished, on attaining the age of 75 years, or if by reason of health they were unable to carry on.

In other words there are three distinct parts to the legislation. The first part would deal with the amendment of section 29 of the British North America Act to provide for the retirement at age 75 of persons summoned to the Senate in the future. Part two will consist of a series of amendments extending the provisions of the present Members of Parliament Retiring Allowances Act, which now is applicable only to members of the House of Commons, to those members of the Senate who are summoned to the Senate in the future. These persons will be subject to the same retiring allowance legislation as are members of the House of Commons at the present time.

The third part of the proposals envisaged in the legislation is a series of provisions which will apply to Senators already holding their places in the Senate or who are appointed to the Senate before the coming into force of the proposed legislation. These latter provisions will make it possible for Senators who attain the age of 75 years or who have become permanently disabled to resign their places in the Senate and be granted an annuity equal to two thirds of their indemnity. Provision would also be made for an annuity to be granted to the widow of a Senator who during his lifetime had been granted an annuity under the Bill. This would make it possible for such a Senator to resign his place in the Senate with the assurance that if he died, his widow would be provided for. Thus in effect the legislation would provide that future Senators would contribute to a pension scheme in the same manner as members of the House of Commons, and that persons now in the Senate would have an option of retiring with non-contributory annuities similar to those provided for judges.

Now, Mr. Chairman, having outlined the purpose of the legislation and the method being sought to be used, I do not think there is much I can usefully add at this resolution stage. If there are any questions, I will be glad to try to answer them, but I think the three general points are fairly clear, simple and direct, and that the more detailed provisions can be better examined when we see the legislation after the Bill itself is put before the house.

Mr. Diefenbaker: Mr. Chairman, may I say at once of this resolution that one might almost term it a fiddling with Senate reform. Indeed, it is simply a generality, that those appointed to the Senate hereafter shall retire at the age of 75, but that no action will be taken among the Senators today occupying that high and august position.

I recall immediately that when we were in office we decided that there should be an age limit of 75, effective for new appointments and for incumbents. It is of interest to recall that on April 9, 1962 I, as the then Prime Minister, moved for leave to introduce a Bill to amend the British North America Act in respect of the Senate. I stated, as reported at page 2607 of *Hansard* for that date:

> The amendment which will be brought before the House will be restricted to retirement at the age of 75 years of all members in the other place, as well as those who may thereafter be appointed. Provision will be made for a retirement pension for all who are now in the Senate. A resolution to that effect will be placed on the order paper today. I think I should also make it clear now that in the event that this amendment is passed, no appointment of successors to vacancies resulting from the compulsory retirement of Senators under this legislation will be made until after the next general election.

That was the purport and summary of the measures we had in mind. We made it very clear that there would be no appointments made of successors to those who would be automatically retired until after the next election.

First reading of the bill was opposed by the hon. Member for Kootenay West, and the

House divided on the question. The only members who voted against introduction and first reading of the bill were seven members belonging to the C.C.F. party of that day, the New Democratic Party of today.

The Bill, first reading of which was agreed to, stated simply as follows:

Section 29 of the British North America Act, 1867 is repealed and the following substituted therefor:

"A Senator shall, subject to this Act, hold his place in the Senate until he attains the age of seventy-five years or until the coming into force of this section if at that time he has already attained that age."

The the Bill was described. At the same time, Mr. Chairman, there was a bill to provide for the payment of annuities to persons who had served as members of the Senate, immediately after each and every Senator to which the act applied ceased to hold office.

• (4:00 p.m.)

Now, Sir, the legislation that is envisaged by the resolution is simply a milk and water substitute for the promises that have been made for so many years. One has only to look back a matter of 46 years ago when Senate reform was promised during the 1919 convention of the Liberal Party. I recall very well the election of 1925 when the then Prime Minister, Right Hon. W. L. Mackenzie King, stated that reform of the Senate was a first and a foremost course of action needed to assure democracy in this country. He said the same thing in 1926. I recall so well the promises of that day. He said he was going to substitute live Grits for dead Tories in the Senate. Some of those appointed were only half qualified on the basis of Mr. King's description.

Again in 1935 he was going to reform the Senate. You will recall that he stated that each and every Senator appointed would sign a declaration to the effect that he would voluntarily remove himself at any time that the Prime Minister decided. We do not know how many actually entered into that form of undertaking. On several occasions we endeavoured to secure copies of these resignations in anticipation but nobody was ever able to see them. We tried in 1944, as I recall, and again without success.

What of this measure now before us? Sir, this is simply a watered down type of reform. It is interesting to read about the Senate. It was to provide a sober, second thought. On many occasions throughout the years it has justified its existence. It has stood against an all-powerful House of Commons when members of the Senate believed that bills introduced in the House of Commons, other than money bills, were not representative of the thinking of Canadians as a whole.

It is of interest that numerous articles have been written by pundits and others regarding this subject. I have before me an article written by Bruce Hutchison, who I understand has ambitions. I also understand that another pundit by the name of Blair Fraser has ambitions, and I would recommend to the President of the Privy Council and the Prime Minister a reading of the views of these two hopefuls. On the 27th of February, 1964, Mr. Hutchison wrote an article headed "Don't Shoot the Senate". He said:

Every old reporter must be saddened by the news that Mr. Pearson will reform the Senate, as if a beloved face were about to be changed beyond recognition by plastic surgery. The late Mr. Mackenzie King also undertook to reform the Senate in 1921.

Then he goes on to deal with the real question. I am citing Mr. Hutchison's view to the Prime Minister because Mr. Hutchison has become a monitor to the Government. He went on to say:

The real question, therefore, is not whether Mr. Pearson plans to change the constitution but whether he plans to appoint better Senators.

I am not going into the list of appointments that have been made unless, of course, I am provoked into doing so, but certainly in the appointments that have been made by the present Government there is no indication that the admonitions and advice given by that extracurricular adviser have been carried out. He went on to say:

The Senate could be a generator of basic ideas, an unprejudiced critic, a continual national assize instead of an elderly orphan.

I do not agree with that description of that body. It has been an institution that on occasions in the past has lived up fully to the great traditions and opportunities that those who established the Senate had in mind.

I mentioned too that Mr. Blair Fraser had expressed himself. At the moment I will go no further than to say that he also has expressed himself strongly in this connection. Possibly the only reference I may need to make to Mr. Fraser is that he has stated that in the past the Liberal Party has only made a halfhearted gesture toward carrying out the party's platform pledge of Senate reform, that it brought the matter before the Dominion-Provincial Conference in 1927, and that the conference got nowhere.

As I read the press of Canada it is evident that almost without exception this legislation

has been looked upon as simply a sham, simply a means of pretending there is going to be reform, without actually reforming. Indeed, the Toronto *Star*, never a very great critic of the Government, has stated:

> The Pearson Government has shown a characteristic weakness for half measures in its proposals for Senate reform.

Sir, we were told that we were in a new era of new politics, that all those things that have gone before would be no more. The appointments that have been made indicate that in the field of Senate reform Canadians have not seen a new heaven and a new earth as envisaged by the Liberal party in 1962 and 1963. Indeed, the Canadian Press has dealt with this matter at some length in an article headed "New Politics Pays Off" in which it said:

> The canniest politicians try to protect their rear by making their actions conform as closely as possible to their past pronouncements.

Then it deals with the appointments that have been made and it states that these appointments have been far removed from anything along the lines predicted or indicated in the past.

• (4:10 p.m.)

There has been no fundamental reform, but merely a glossing over of the situation on Senate reform. Today, the composition of the Senate is virtually two to one in favour of Liberal appointees, with three who claim some element of independence.

The matter of Senate reform has been a continuing subject of discussion throughout the years, something like the weather. I think the Prime Minister could continue the course we introduced of having a minister responsible for a portfolio, or several such ministers, in the Senate. I think there would be no particular objection taken by Canadians as a whole if two or three outstanding appointments were made from that body. When I was Prime Minister I tried, so far as possible, to have a larger measure of legislation introduced in the Senate than had been the case in the past. I feel that it would be most helpful if the Prime Minister would designate an ever increasing number of measures to be introduced in that body, so that the fullest possible examination could take place.

After all, this is a wonderful position today. It pays $15,000 a year, and the Senate sits from time to time. It should sit almost as long as does the House of Commons, if given an opportunity to discharge its responsibilities. I would suggest a measure of reform that could be made would be the designating, to a greater extent than ever before, of the number of Bills to be introduced in that body.

Mr. Pearson: I wonder if my hon. friend would permit me to ask him a question? While I certainly do not disagree with what he has been saying, would he approve a change by which money bills would be introduced in the Senate?

Mr. Diefenbaker: No, Mr. Chairman, I would not and I made that clear earlier. It would be quite impossible to designate the Senate as a place in which money bills could be introduced. If we were to follow that course we would deprive the House of Commons of its inherent and exclusive right to control money matters. Many other types of legislation could be introduced there and the fullest examination could take place. I, of course, make it very clear, and I am sure the Prime Minister agrees, that there would be no justification whatever for the introduction in that Chamber of measures in the nature of money Bills.

So far as what is introduced here is concerned, I do not think it is of great importance. It is a step, a faltering step. Those who are going to be appointed hereafter will automatically retire at 75. Those who are over 75 can stay if they choose. It is interesting that an appointment to that body seems to be a tremendous encouragement to longevity. Few, if any, of the Senators who are over 75 will retire. Why should they, when they are going to get the indemnity that today is available? Why was it that action was not taken to make effective the retirement at 75? Well, I can only conclude there was a fear on the part of the Government that such a measure might receive opposition in the other place. This is scarcely a sound qualification for the determination of Government policy.

This is simply legislation that makes a step forward, but it is innocuous in so far as being effective today is concerned. However, half a loaf is better than none. What is before the House is merely a shadow of what was contemplated 46 years ago at the Liberal convention. However, 46 years is not a long time to wait for the implementation of Liberal policy.

Mr. Knowles: Mr. Chairman, I agree with the Leader of the Opposition that the proposal placed before the House is a case of fiddling with Senate reform. However, I was a bit surprised to hear that charge made by the Leader of the Opposition for I find it difficult to discover any substantial difference between the proposal now made by this Government

and the proposal that was made by his Government.

Mr. Diefenbaker: You had better read it over again.

Mr. Starr: Read both of them, not just one.

Mr. Knowles: I have read both, and as I recall both of them proposed retirement at 75. The only difference is that the Liberals propose that retirement at 75 shall be effective only after the Bill becomes law. On the other hand the Leader of the Opposition, when he brought in his proposal, suggested it be effective to all those appointed after the date on which he announced the proposed change.

Mr. Diefenbaker: You had better read it again.

Mr. Knowles: At any rate, apart from any difference in the effective retirement date, that is the only reform either of them proposed, namely that some Senators retire at age 75. The Leader of the Opposition suggests that half a loaf is better than no bread at all. I am not so sure that this measure is to be regarded in that light. It strikes me that it is the kind of measure that might fool the Canadian people into thinking that something had been done to reform the Senate, and therefore it would be another 46 years before something might be done again.

It seems to me, Mr. Chairman, if we are going to consider the Senate at all, we ought to come up to date; we ought to recognize that we are in the 1960's. We ought to ask ourselves whether there is any place in our parliamentary institution for a group of people who are not responsible to the electors of this country. I can understand the thinking of the Fathers of Confederation 100 years ago. In that day they believed in democracy, but not completely. There was a lingering notion that in addition to those who are elected by the people there should be some elder statesmen, like the Members of the House of Lords of the United Kingdom, who would have the final say, a veto, a chance to check on the work of the elected Members. But, Mr. Chairman, we have moved a bit in the last 100 years. We no longer think that the elected people have to be vetoed, or checked, or supervised by people who are not elected. In our view the House of Commons, consisting of Members elected by the people of Canada, should be the final court so far as the making of laws is concerned.

• (4:20 p.m.)

I am putting this forward in a very low key. I do not need to shout our position from the housetops because it has been well known throughout the years of the C.C.F. and since the founding of the New Democratic Party, namely, that we believe the Senate ought to be abolished. We think that any measure of reform, particularly so ineffective a measure as this, is hardly worth the time it takes us to deal with it.

I know the arguments in favour of having the Senate. With 23 other Members of the House of Commons I had the experience during the Christmas recess of sitting on a joint committee which had 12 members from the other place, and I know their contributions to the work of that committee were very useful. I also know that from time to time the Senate sets up interesting and useful committees. They had one on employment a while ago, one on the use of land, and one on aging. These are all good committees and their Honours do interesting and useful work. But this is the kind of work to be done by people appointed for that purpose, and ought not to be done by people who enjoy the same status that the elected representatives do, but with the additional right to veto legislation passed by the people's elected representatives.

Perhaps because in the United Kingdom the House of Lords cannot finally veto legislation, but can only delay its passage, or perhaps from the fact that in the United States the veto of the President can be overridden by a two thirds vote of the two houses of Congress, —whatever the origin—there is a notion held generally in Canada that the Senate can only go so far, that it can only turn down legislation once, twice or three times, or something like that.

However, the constitutional position is that the Senate could block a measure passed by the House, year after year, to the end of time. I know this has never happened. I know that the number of times the Senate has vetoed something passed in the House of Commons has been very limited. The outstanding example is the first old age pensions Act back in 1926, and two or three matters in the years from 1957 to 1963. I know the Senate does not do this very often, but it has, as a constitutional entitlement, the right to say no to what the people's elected representatives have decided. In terms of political theory, in terms of democratic practice, I think this is wrong, and that we should be taking a serious look at the position of a non-elected body in our parliamentary institution.

Another point sometimes made is that the Senators are there to protect minority rights, and in particular to protect provincial rights.

I suggest however that that is no more their function than it is the function of the House of Commons and also that of the courts. I further suggest that we have had the Senate for 98 years, that our Federal-Provincial situation is not all that it might be, and that having the Senate has not taken care of that problem.

It seems to me that all the various arguments for the retention of a second House, particularly a non-elected one, fall to the ground, and that what the House of Commons, should have placed before it on this occasion is not some measure of ineffective reform but rather a measure for the abolition of the Senate.

Hon. Members are aware I have such a bill on the Order Paper as a private Members' public bill, but it does not have quite the same chance of being reached, let alone the chance of being voted on, as a Government measure has.

As I have said, these arguments have been stated time and time again. They are frequently the subject of debate in high schools and universities. The subject has frequently come up here, and before we proceed with a measure of this kind I submit this is the kind of consideration we ought to be giving the subject.

I see, Mr. Chairman, that you are fidgeting a bit. Maybe it is just in my mind, but I wonder if perhaps you were thinking I was getting away from the subject of the resolution by talking about the abolition of the Senate, when all we have before us is a limited measure of Senate reform. But I want to make it clear that I do not agree with the position of the Leader of the Opposition, namely that by reforming the Senate we should be giving it more responsibility, more voice and more legislation. Members of the other place, fine ladies and gentlemen that they are, are not elected by the people of Canada and I do not think they should have the role in our parliamentary institution that is accorded them by our constitution—and I believe that is the change we ought to be making, namely the abolition of the Senate itself.

I should now like to say a word or two about the specific terms of the resolution, and particularly about the outline of those terms as given to us by the President of the Privy Council. I not that the Bill is to have three main parts and that the first part is to carry out the main proposal, to provide for an amendment to the British North America Act whereby all persons appointed to the Senate after the passage of this legislation shall be compulsorily retired at age 75. As I have already said, that is an ineffective piece of legislation that does not really amount to anything, in the face of what ought to be done.

The second part of the proposed Bill is to make provision for those who, having been appointed after the coming into effect of this legislation will be compelled to retire at 75, to give them the rights and privileges that Members of the House of Commons enjoy under the Members of Parliament Retiring Allowances Act. I suppose if Members are going to be summoned to the Senate for a limited period of time, and if we are in an age when we feel that all classes of employment should have certain pension rights, then Members of the Senate appointed under these conditions should also have pension rights. But I want to object—and I ask the Prime Minister to listen to me on this—I want to object most strongly to what has been indicated as part III of the bill.

If I heard the President of the Privy Council correctly he said that provision would be made for those who are now in the Senate, and those who are appointed between now and the time the Bill becomes law, on reaching 75 to retire voluntarily on a pension that I understand will be non-contributory, a free pension equal to two-thirds of their present indemnity. The present indemnity of a Senator is $12,000 a year. Two thirds of that is $8,000 a year. We are therefore saying to any Senator who is now for example 50 years of age that for the next 25 years he gets an indemnity of $12,000, plus his $3,000 expense allowance; and then, at age 75, without having contributed one nickel to a pension fund he can retire, if he wishes to do so, on an $8,000 pension, plus provision for a widow's pension if he should die after he goes on that pension.

• (4:30 p.m.)

Let me divorce all of this, however, from what I am saying about the Senate as an institution. I think it should go. Apparently I cannot carry that idea today, so I have to deal with the situation as it is. I feel that in present situation, when we in this house have a pension plan to which we contribute, when we have just set up a Canada Pension Plan on a contributory basis and when it is accepted by most people that pensions are theirs as a right, because they have earned them by working for them and paying for them, to pick out this particular group of men and women and say "You do not have to pay one cent for this; if you do us the favour of

retiring so that we can appoint someone else we shall give you absolutely free a pension of $8,000 a year" is entirely wrong. If I have misunderstood the President of the Privy Council I hope he will correct me, but I understood him to say this was to be an annuity on a non-contributory basis equal to two-thirds of the present indemnity. Remember, this is to be paid to persons who may have been drawing this indemnity for 20 years. I think the Government should reconsider this aspect of its proposals by providing that if such pensions are to be made available, the people concerned should be asked to pay for them.

Mr. McIlraith: Could I ask a question by way of clarification? How would the hon. Member get such persons to retire at the age of 75?

An hon. Member: Make it compulsory.

Mr. McIlraith: How would you get the Bill passed?

Mr. Knowles: The hon. Gentleman asks how the Government would get the Bill passed. In other words, this is a bribe. The Government is bribing the Senators to retire at 75 by offering them a free pension of $8,000. That is the import of the question which the President of the Privy Council has just asked.

Mr. McIlraith: I wonder whether I could ask the hon. Member to address himself to the question itself. These incumbents hold office for life. If they are to retire at 75, how do you bring about such legislation to retire them at 75?

Mr. Knowles: Rather than be guilty of offering them a bribe I would let them live it out, because it seems to me this principle is wrong. When the pension plan affecting Members of the House of Commons was brought into being there were quite a few here, including the President of the Privy Council and myself, who had a number of years of service. We were given the right to elect to cover those past years of service but we had to make payments in respect of them.

Mr. McIlraith: Would the hon. Member not agree that we were in the position that we were not here for life? We had to face the electorate every four years or so. We are not holding our positions as Members of the House of Commons for life as a right.

Mr. Knowles: It seems to me that the President of the Privy Council has strengthened the case I am making. We were in a less favourable position, yet we still had to pay in respect of past service. The hon. Gentleman is saying that this is the only way he can expect the Senators to support this bill.

Mr. McIlraith: He was not saying that. He was asking a question.

Mr. Knowles: True, the President of the Privy Council was only asking a question, but the implications were clear. I would think that if the Senators cannot be persuaded to retire because it is right in principle, no such offer should be made to them.

Even though I have said many critical things about the Senate as an institution, I know a good many of them over there; there are many decent, upright and honourable people in the other place and I think most of them would agree in principle that they should pay for their pensions, just as we have to pay for ours. If they do not agree with this proposition I suggest they should not be given this pension as a bribe.

Speaking of the general situation there is, of course, provision for widows' pensions. This is a matter which, I know, concerns some of the Senators. When a Senator dies there is nothing for his widow. But if the pension, even if it had to be paid for, included a widow's pension, Senators might take a different view toward it than is now the case. When I looked at the resolution I wondered whether it was in effect an attempt to bribe Senators to vote in favour of the measure, but even I was not suspicious enough to think that this was the case. However, the question asked by the President of the Privy Council makes it clear that this is a bribe as the Government sees it. The Government wants to get this measure through. It wants some of the Senators to retire at the age of 75 and it has decided that the only way to accomplish this is to offer them a free pension of $8,000 at age 75. In a day when we have not yet got the old age security pension up to $100 a month or $1,200 a year; in a day when we have not found it possible to increase the pensions of retired civil servants or retired employees of the Canadian National Railways; in a day when, despite various improvements, we are still struggling with the problem of providing adequate pensions for our people, I do not think this Parliament should approve offering to those who have enjoyed indemnities for a lengthy period of time the kind of annuity which is now suggested. I do not think this phase of the legislation should receive the support of the House

and I hope that before the Bill is brought down the Government will take a further look at this aspect of it.

We think this is a case of fiddling with Senate reform in an ineffective way. What should be done is to provide for its abolition so that our Parliament can be a truly democratic institution composed only of men and women elected by the citizens of Canada.

Mr. Thompson: I must say I am very disappointed by the resolution before us. I fail to understand why the Government should have taken such a "milquetoast" approach to this question. This is nothing but a minute and timid attempt to initiate a measure of Senate reform. Possibly the Government did not wish to come forward with proposals for a major overhaul; but why did it not bring forward at least one or two firm proposals indicative of a desire to correct some of the faults and shortcomings of the institution which we refer to as the other place? I urge the Government to amend its intentions, at least as they concern this phase of the resolution respecting the retirement of future Senators at the age of 75.

I have many good friends in the Senate and I highly respect many of the men and women who compose that body. I believe they have a worth-while contribution to make. From my conversations with them I would say that most of them have no objection to constructive proposals. They realize that the institution is antiquated. I cannot understand what pressures on the Government would result in the bringing forward of a bill which has so little backbone. If the establishment of a retirement age is a legitimate part of Senate reform, why not make it effective now? In recognition of the fact that no provision has been made for Senators who retire, it would be logical to make some provision. I do not go along with the hon. Member for Winnipeg North Centre when he says they have not made any contribution—they have not had a chance to contribute. His suggestion may be something for the future. But even if they were retired at $8,000 a year now, that would save the Government of Canada $7,000 a year per Senator.

• (4:40 p.m.)

Mr. Knowles: That would cost $15,000 plus $8,000, or a total of $23,000.

Mr. Thompson: We are talking now about setting the retirement at age 75. I really do hope that the Government are not going to bring in a Bill that is as insipid as this resolution indicates it is going to be. I do not think this is the time for entering into any lengthy debate on Senatorial reform, although I find it very amusing to listen to the Leader of the Official Opposition as he talks about what he had once planned to do. Certainly if he had wanted to bring in Senatorial reform long ago, he would have done it while he was in office. I do not think there has been any Prime Minister of Canada who has made such political use out of the Senate as did the former Prime Minister, now the Leader of the Official Opposition. I do not think there is much argument as far as concerns what should have been done in the past, but we must have our eyes to the future.

I for one certainly am not in favour of the abolition of the Senate. I think the Senate has a very important role to play, and I think we must be very cautious in taking an irrevocable stand on saying that even an appointed Senate does not have a responsible role. There are some advantages in an appointed Senate that an elected Senate cannot have. But on the other hand, to suggest that the Senate in its present state of affairs is anything but an antiquated piece of machinery that no longer fills a very useful role, or that it should be perpetuated even until future Senators reach 75 years of age is not, I think, putting on coloured glasses; it is just putting on glasses that cannot be seen through at all—because certainly there are some changes that should be brought into the Senatorial picture.

I think that one of the tragedies and certainly one of the weaknesses of the present Senate is that it does not properly represent political opinion, thinking and action in the various Provinces. Certainly it has not brought into the Senate the best qualified individuals in Canada who might have been, if the Senate had operated on any other basis than being a political arm of the particular party which was responsible for government. I would have hoped that at this stage the Government would have taken some step which would have made Provincial representation in the Senate possible. It is the prerogative of the Federal Government to appoint Senators; but what a tremendous opportunity there would have been toward establishing a greater sense of political unity if the Government were to have set up a Senatorial Commission, perhaps of three people, one representing the Government, one from the Senate itself and one appointed by the Government of the Province which was concerned in any specific Senatorial appointment.

How much stronger and how much more representative of Canadian thinking and public opinion the Senate would have been if there had been representation of Provincial Governments in the Senate.

I think another point that really is basic, and does not get into many of the more detailed problems that a complete Senatorial overhaul would require is action which would have eliminated the conflict of interest which now besets many of our Senators as they serve in the Senate. Why should they not be subject to the same restrictions, so far as a dual interest or a conflict of interest is concerned, as we are in this House? There was no better example of this than the recent Senatorial Committee on Banking which dealt with three different bills that would have set up or given authority to the establishment of three new banks in Canada. It so happened that the majority, if not all, of the members of that Senatorial Banking Committee were themselves members of the boards of directors of other banks already in existence. It seems to me that included in this legislation could very well have been the requirement that Senators have the same restrictions placed upon them which was intended to eliminate conflict of interest in so far as their public responsibilities are concerned.

I think that likewise if the Government had been concerned about the welfare of the Senators who hold appointments at the present time they might have set up some machinery by which a pension could have been provided for those who retire before they reach 75 years of age. In other words, there is nothing wrong at all with a contributory pension scheme for those who might be appointed under any new system of appointment.

I think another point that would have been very important here would have been to bring some attendance requirement into the Senate. All that is necessary now is that a Senator appear once in any session. Why should not Senators be required to fill a minimum requirement as far as attendance and participation are concerned, as we do in this House? These are small things, Mr. Chairman, that would not have required amendments to the British North America Act, which would have been a positive step toward an over-all Senatorial reform pattern and which could have been included in this legislation. I believe such action would have indicated to the Canadian people that the Government really was sincere in its intention of bringing in Senatorial reforms. As it is now, this insipid suggestion that is supposed to give benefit a little later on really has not any worth whatsoever to it. It is a sham or a cover-over in order to make the people of Canada think there has been some step taken toward reforming the Senate.

I am concerned, as one who believes that the Senate has a place, that the whole purpose and usefulness of the Senate in the eyes of public opinion has been weakened, and if continued in this way it might well lead us to a point where public opinion will demand the abolition of the Senate. I think this certainly would not be in the best interests of the country. I would like to see Senate appointments set up through a Senatorial Commission, not only so this Commission could consider the recommendations of the Provinces but also that Senators appointed would represent the Provinces as well as the Federal Government, and also making possible non-partisan political appointments. Men and women selected because of their own service to Canada and their own abilities on the Canadian scene in the non-political fields would make the Senate of much more worth. I am thinking of men in education, men in business, retired civil servants—yes, even retired military personnel—and men in the arts. All these people, if they had an opportunity to come into the Senate free of any partisan political influence, would make the Senate certainly a much more effective, much more efficient and much more useful institution.

• (4:50 p.m.)

Mr. Chairman, I would just close my remarks by saying that I hope the Government will seriously consider some of these suggestions before the Bill is actually brought before the House. The intended legislation could be strengthened, first of all by making retirement at 75 effective now, with adequate provisions to take care of those who may have no pension scheme under the present set-up; then by adding some of the other proposals which have been made. If this were done, then truly I think the Government would get the support of the House. As it is now I am concerned that they will not get support, even to take or bring into reality this very minute step which they are now suggesting. Certainly the Government has a great responsibility to those in their own ranks who have talked about Senatorial reform, as well as to others in this House who have made suggestions, but most of all it has a responsibility to the Canadian people.

[*Translation*]

Mr. Caouette: Mr. Chairman, this resolution is some sort of a draft for the bill which will be introduced here eventually.

I thought it would contain other provisions than the one setting the retirement age of senators at 75, giving present incumbents the choice of retaining their seat even if they are past the age of retirement or to retire with full benefits as far as pension and other benefits are concerned if they have reached the age of 75.

How many senators are 75 or more at present? I should like to have a reply from the President of the Privy Council on that point.

On the other hand, I would suggest that if the bill to be introduced provides for retirement of senators at the age of 75, that provision apply to everyone whether one wants to retire or not. I even find that 75 is a rather advanced age; it should be 70. Considering the difficult task which they have to fulfil in the other house, I believe that when they reach 70 years of age, they have worked long enough to be entitled to retirement.

This would enable us to have a younger Senate who would understand better present day problems, not only with regard to one part of the country but concerning Canada as a whole. A little while ago the Leader of the Opposition (Mr. Diefenbaker) was telling us that he and his government had introduced a bill for that purpose a few years ago when there were 208 Conservative members in the House of Commons and that the Liberals had then voted against this measure as well as the New Democratic Party members, the CCF at that time.

The Liberal government is now introducing such a bill and the opposition does not know whether to vote for it or against it.

This is a clear evidence of the lack of seriousness of the two political parties who succeeded each other at the head of the government of Canada since Confederation. It is nevertheless the Canadian people who pay for the nonsense indulged in on either side with regard to the Senate, the senators and the setting of a retirement age.

A little later, the hon. member for Winnipeg North Centre (Mr. Knowles) said that himself and his party were in favour of the abolition of the Senate purely and simply.

Considering the present constitution and structure of the Senate, I believe that its abolition would be in no way prejudicial to the Canadian people but, on the contrary, would be greatly profitable because we waste a lot of time while waiting for the decisions to be made in the other place.

For instance, we would support Senate reforms which would make for a more representative Senate. For instance, agriculture should be represented by one or more senators coming from the farming community. We would need representatives of the unions to speak for the working classes in Canada; representatives of professional groups such as teachers, lawyers, physicians, engineers, economists and industrialists. There should also be in the Senate someone to speak for our young people, someone who could defend the interests of that large and important segment of our society. There should also be representatives of women's associations, not necessarily representatives of Liberal, Conservative or Créditiste women's associations, but simply representatives of women's associations in Canada. Also, in the religious community, the various religions existing in Canada should have respective spokesmen in the Senate. Then, Mr. Chairman, to my mind the Senate would no longer be a haven for worn-out politicians, but rather a dignified and efficient assembly representing the whole people of Canada.

That is the provisions for Senate reform that I would have liked to see in this resolution instead of the mere fixing of an age limit of 75. I am convinced that at 75 years of age, one is too old to be a senator. Surely, there are good senators; I have nothing against any of them. But what we disapprove is the principle according to which, at the present time, the Senate is made up and organized and according to which senators are appointed to the upper chamber.

Those are the remarks I wanted to make concerning this resolution which provides for the retirement upon attaining the age of 75 years, of members of the Senate.

We suggest that the age provision be changed to 70 years when this bill is being drafted. But if it is imperative to fix the age limit at 75 years, if a senator is 77 years old when this bill is passed, he should then retire on pension, if he wants to. That has been agreed to since last year.

Mr. Chairman, we are for a reform of the Senate. We do not approve of the Senate as it is now constituted.

[*Text*]

Mr. Lambert: Mr. Chairman, in opening my brief remarks this afternoon I have found

that there have been some rather wide-sweeping condemnations of the other place, and I am just wondering whether those remarks would have been quite as sincere if some representatives of the Parties in question had themselves been members of the other place. I think that some of the criticisms made of the other place are quite equivocal, and it is because there are particular hobby-horses or axes to grind that we hear such sweeping condemnations.

In a democracy I think it is absolutely essential that we protect the interests of the public from the tyranny of the temporary majority. Majorities are not always right, and I think it is essential that we do have an opportunity for review. In a democracy efficacy is not necessarily the byword. If it does sometimes take a little longer to get something through, certainly that so-called sober second thought is worth while. The Senate is an essential portion of Parliament and I find it absolutely ludicrous and, frankly, presumptuous of Members of this House, who after all form only one third of the constituents of Parliament, to offer such criticisms. According to our constitution, Parliament is composed of the Crown, of the Senate and of the Commons, and we owe one another respect, in accordance with our constitution, as constituting the Parliament of this country. I think it is presumptuous on the part of individuals in this chamber roundly to condemn the other constituent of Parliament, merely because it is fashionable to do so. Certainly suggestions for the improvement and modification of Parliament can be made, but if it is acceptable that we have every right roundly to condemn the other place they in turn have the right to condemn us, without mitigation. In that event I think hon. Members of this House might find themselves somewhat aggrieved if the other place, either as individuals or collectively, were to censure this House continually. I believe that we as a constituent of Parliament owe a certain respect to the institution of Parliament within this democracy.

• (5:00 p.m.)

Having said that, I think that certainly some modifications in the constitution of the other place may be suggested. The hon. Member for Villeneuve (Mr. Caouette) said that his group would consider the age of 70 as a limitation on membership in the other place, because after that a man may be too old. Will he apply the age of 70 to this House?

[Mr. Lambert.]

Mr. Caouette: Would the hon. Member permit a question?

Mr. Lambert: No, I will deal with it later.

Mr. Caouette: Why not? Just one question.

An hon. Member: Are you afraid?

Mr. Lambert: No, I am not afraid. I do not care what age limit the hon. Member wishes to impose upon the other place, but if he says they have no right to be members of the other place because they are too old—

Mr. Caouette: I never said they have no right.

Mr. Lambert: Well, the implication is that they are too old. I am dealing with the criticism and the hon. Gentleman indicated it is the intention of his Party to advance an amendment calling for retirement at the age of 70. I am subject to correction but I thought that was the burden of his remarks. He said that the purpose of setting the limitation of the age of 70 was that by that age a man had gone far past his prime and it was time he retired. If that sort of criticism can be levelled at the other place, it is equally opposite in this House; but I would certainly think it would be most unfair to suggest that because a man had reached the age of 70 he could no longer qualify for membership in this House. Many a world leader and many a worthy leader of this House in years gone by would have found himself cut off when he was really in his prime in the face of such a limitation.

It is true that we have applied an arbitrary yardstick in other fields which compels retirement at the age of 65, but with the advance in science today I am not too sure that is a really valid concept. I think that compulsory retirement at age 65 is a depression complex yardstick, imposed because of a desire to make way for younger persons on the ground that they need the jobs. I cannot fully accept that proposition. Certainly many younger men may be impatient about replacing their elders but I would suggest to hon. Members that we must be very careful about the imposition of an arbitrary retirement age.

There is of course a norm of sorts that is applied in our courts, such as the Supreme Court of Canada and our Superior Courts, which results in the retirement of judges at age 75, the age that is set forth in the resolution. I suppose one might accept the age of 75 as a yardstick, provided this fact is known before appointment to the office. Certainly I think it is more arguable that it is a more

legitimate age for retirement than age 70 or age 65, in that I think it should apply in this House as well as in the other place.

Mr. Caouette: Will the hon. Member permit a question? There is all the difference in the world between the two Houses.

Mr. Lambert: If the hon. Member is trying to make the point that superior intellects and superior beings are the prerogative of this House as opposed to the other place, I certainly do not find that argument acceptable.

Mr. Caouette: Will the hon. member permit a question?

Mr. Lambert: The hon. Member can make his speech again during the next round. Having regard to the limitations of the resolution, I think the resolution puts forward a just proposal to members of the other place, in that those who are now members of the Senate and may wish to retire at the age of 75 can do so on the basis of a pension of some kind. After all, they were appointed to the other place on the understanding and in accordance with the tradition that their appointments were for life, and I think that many of them have made changes in their lives, to their prejudice. I know some members of the other place who have made changes in their lives, to their prejudice, and it would be unfair to say to them now that they must go, and go without a pension. In all fairness I do not think we can take that attitude. I am expressing a personal point of view when I say that.

If hon. Gentlemen of the other place are placed under a contributory pension scheme, it seems to me that this is also fair. A pension scheme or retirement pension is part and parcel of mandatory retirement in any line of endeavour today, unless one is self-employed, in which case one is encouraged to provide for his own retirement on an annuity basis. I would say that such provision must be made for hon. Members of the other place if we are going to get men from all walks of life. In that regard may I say that I do not think the other place should be preserved for retirement from this House. I think the composition of the Senate has perhaps been somewhat limited. The ins always say it is quite all right to appoint those of one's own political party but when they are in the outs it is a different story. I could use the old adage that there is no greater traditionalist or reactionary than the rebel who has assumed power. In my view there should perhaps be wider representation in the other place, but should a man be disqualified simply because he belongs to a certain political party? In the other place there have been and are at this time eminent representatives of various types of organizations and interests, and their appointments have been made on that basis rather than the fact that they have been members of a particular party.

• (5:10 p.m.)

Somehow or other I fail to see why, because an hon. Member has reached a certain stage of service in this House and it is felt perhaps he should take a less demanding role, and is then appointed to the other place, the position of the other place suffers thereby. I do not understand this glib assumption that because one is a politician or has been a Member of this House he is therefore some sort of second class or second rate citizen. I do not understand why he should be immediately suspect when he goes to the Senate because he has taken part in the deliberations of this House. There is the suggestion that the Senate is composed of retired ward-heelers or suspect politicians. I reject that theory entirely. We have seen very able men who have retired from the hurly-burly, the more demanding pace of this House, and who have gone on to render great service to Parliament.

Personally, I should like to see more Government business initiated in the other place. Personally, again, I should like to see Members from the other place represented on the treasury benches, as is done in Westminster. They have Members of the House of Lords, up to one third of the Cabinet, participating in the Cabinet. There are other Ministers or Parliamentary Secretaries who cover for them in the House of Commons. I feel this is quite legitimate. I should like to see more Members from the Senate participating in the Cabinet. I am expressing a personal point of view. I should like to see as well more of the non-financial business of the House start in the other place.

Now, Mr. Chairman, I think that in the main this measure meets with general approval of the House. There may be matters of detail—I said "general approval of the House", but there are some hon. Members who feel that the other place should be abolished. Well, perhaps somebody in the other place might stand up one of these days and say the House of Commons should be abolished. I do not know that anything is gained by debate at this level. I therefore limit my discussion at this time. When we

are able to see the Bill there may be some provisions which will require further discussion.

Mr. Howard: It will be recalled, Mr. Chairman, that I had some comments to make about the Senate in the immediately preceding session during the course of the consideration of the estimates. I do not want to go over that ground again at this time. However, we have before us a specific measure upon which I should like to make a few comments. The gist of it is that Senators should be retired at age 75. Whether or not this measure is to apply in the future or retroactively to those who are there now is really immaterial to the main point.

This leaves me in a bit of a quandary as to how to approach this resolution, because it has always seemed to me that as soon as a person was appointed to the Senate he became retired whether he was 35 or 45. We only have to look at many of the recent appointments, both by the Government now in office and its predecessor, to see that that is exactly the case. People appointed to the Senate suddenly slip into oblivion, and are content to live the easy life of retirement and get a decent income for the rest of their lives. It seems a bit ridiculous to be talking now of putting into effect the retirement plan at age 75 when these gentlemen over there are retired almost as soon as they enter the hallowed halls of the other place. People refer to the other place but, unfortunately, I cannot bring myself to referring to it in this way. This has always seemed to me to be similar to lawyers calling each other learned gentlemen, with a sneer on their face. I would sooner refer to it as the Senate, which is what it is, and not try to upgrade it or degrade it by referring to it as the other place.

The implication of the measure before us is that a person who is appointed to political office ceases to be of any value in that office once he becomes 75. Age, as was mentioned by the hon. Member for Edmonton West, seems to be indicated as a factor which impinges upon the faculties. Perhaps the thought is that one becomes relatively valueless after 75 and therefore a retirement age should be set. If this is the thought behind the measure, then I submit we should have before us a companion measure to retire Members of Parliament at age 75. After all, we place a limit on the other end. We say that people below the age of 20 are not competent enough, do not have enough acumen, to sit in this place. I feel therefore we should place a limit at the other end and have before us a companion piece of legislation. The application of it is identical. It does not really matter that people get to one place by the political selection of the Government in office and to the other place in the normal process of election. The implication is that a person at age 75 is not competent enough to sit in the legislative bodies of this nation. We should I submit make that applicable to this House as well as to the Senate.

[Mr. Lambert.]

One of the parts of the measure now before us in the resolution constitutes a bribe, because what we are in effect attempting to do is to offer the Senators who are there now a bribe of $8,000 a year if they will retire at age 75. They do not have to make any contribution toward this pension. A Senator who is now 50 years of age can attend one session of the Senate once every two years and at age 75, without contributing a single cent, can leave the Senate and draw $8,000 a year. If there is going to be an annuity or something of this nature, to induce Senators to retire at age 75, then I submit it should be a contributory plan. They should avail themselves of the Members of Parliament retirement allowance and contribute just the same as the Members here contribute to a pension, and just as Senators who are appointed in the future will be required to contribute. To ask Parliament to grant $8,000 per year as a gift to any Senator who wants to retire at age 75 is going a little bit too far, being a little bit too lenient, with the taxpayers' money.

Heaven knows, a Senator receives a good pension as it is now, without tossing this extra amount of money down the drain. I think it is not simply a question of retiring Senators in the future at 75, as much as it is offering to the Senators at the moment a bribe to retire at age 75 if they desire to do so, or offering a potential bribe in the future if they will only give speedy passage to this particular measure which is being presented to us.

• (5:20 p.m.)

There has been a great deal of discussion about reform of the Senate and about the necessity for having respect for it, but I submit that respect is a thing which must be earned, and if the Senate does not have much respect for itself I do not see why it should require other people, including Members of this House, to have respect for it.

To me the Senate, by its past actions, is beyond reform. It is not possible to reform it, no matter how much we juggle the rules. Recently I read perhaps as decent and succinct an analysis as one could find of the Senate called, "The Senate of Canada—a Political Conundrum," by John Napier Turner. Incidentally that is the same name as the Parliamentary Secretary, the hon. Member for St. Lawrence-St. George. Whether it is the same person or not I could not say, but I am sure if it is not he will stand up in his place one of these days and deny he ever wrote such an article as this, which rips the Senate fore and aft and ridicules it as a rather useless entity and appendage to our political system.

I shall not read any excerpts from his article, which was published in 1961, not too long ago; but for a person with the ability and knowledge of the hon. Member for St. Lawrence-St. George it would indeed be strange if he has changed his mind in the short period of four years, since he wrote such a devastating, ridiculing article about the Senate.

Mr. Herridge: Was he a member of the Liberal Party then?

Mr. Howard: It is difficult to say whether he was or not at that time, but it is a fact that once one becomes a Member of the Liberal party one always looks for higher things, and when one becomes a Parliamentary Secretary there are no bounds to one's ambitions and hopes. Perhaps those who do not find their way into the Cabinet may discover they are valueless to the Cabinet and so they get to the Senate, and maybe this is the ambition of some Members on the other side.

Some hon. Members: Oh, oh.

Mr. Howard: Mr. Chairman, these mutterings on the other side should be expressed in a formal way so that the whole chamber can be appraised of the pearls of wisdom these hon. Gentlemen have respecting the measure before us.

If we want to reform the Senate, if there is a serious desire on the part of the Government to reform the Senate, then I submit the approach it should take is not to piddle around with this halfhearted, weak-kneed measure here, but to place the Senate on an elected basis, the same as is the situation in the United States.

I am not drawing an exact parallel between the political system down there, and saying it should apply here, but if we are to have a Senate that is worth while, a Senate that will fulfil the role conceived for it by the Fathers of Confederation, a Senate that is representative of political thought in this nation, a Senate that is to be somewhat representative of political opinion in the provinces, a Senate that is to be a useful functioning part that would gain respect within our political system, we should abolish it as an appointed political body and elect ten members to it from each Province, so that all Provinces would have equal representation in it.

By establishing whatever political boundaries are necessary within the Provinces for electoral districts we would have Members elected from within the Provinces. I am not concerned with details such as that, but if we were to place the Senate on an elected basis we would have another functioning body in our parliamentary system for which we could have respect, and which would be on equal terms, as it were, with Members in this place, because periodically Members of such a Senate would have to go back home and justify their existence to the people—and it is only the people who count in a political system, it is only the people's welfare and wishes that count in a political democracy.

As it is now, the people in the Senate have to give justification to no one. They can be as incompetent as they like, as lazy as they like, and as disrespectful of their positions as they like. They may not even bother to attend sessions. They can loll in their offices all day, and even not show up on the premises for months on end. There is no accounting to any one, and this is not sensible or reasonable in a political democracy.

Senators should have the responsibility to go back periodically to the electorate to justify their existence, and if the electorate feels they have been doing a reasonable job and they are re-elected, then well and good. If the electorate decides to change the Senators, then well and good too; because that is the essence of the political democracy built up in the western world over many centuries, namely, the opportunity of the people to make the final choice. But so far as the Senate is concerned the people do not have the opportunity to make the final choice. The people have no opportunity to make any choice whatever because the Senate is a haven for broken down political hacks, party givers and people who become relatively useless in political life elsewhere.

I am not in favour of the resolution before us. The position of our party is clear, namely

that we should abolish the Senate. We feel this is fraught with some difficulty because we will have to get the consent of the Senate itself in order to abolish it; but where there's a will there's a way, and I submit that if the Government had a sincere desire to do something worth while for the Senate it would withdraw the resolution presently before us and put something on the order paper that had some meat in it, that would reflect its sincere and honest desire for reform. But perhaps it is asking too much for this Government to be sincere or to be honest.

Mr. Nugent: Mr. Chairman, I would give much on this occasion, as on many others, to be able to speak with that firm determination, that absolute certainty of mind that the previous speaker exhibited. I hope I am not being too unfair to him when I suggest to Members of the Committee that one of the reasons I cannot speak in that way is that I feel that on both questions there is some doubt, and even on those questions where I think the balance of the argument is pretty preponderant on one side, there is usually enough doubt that I could not speak with that amount of certainty.

But did I belong to the hon. Member's Party perhaps I could understand him. They, after all, not only have no Members in the Senate, but I am sure most hon. Members will agree that under our present political system they are never likely to be in the position to get a Member of theirs in the Senate. It is therefore with some scepticism that we heard this last remark of the hon. Member about honesty and sincerity. We know that in the views of the Members of that Party only those in the N.D.P. are honest; and therefore, since there are no Members of that Party in the Senate, undoubtedly you would search in vain to find an honest Senator.

We have heard the hon. Member for Winnipeg North Centre, as well as the hon. Member for Skeena, reflect the view that it is only the members of the N.D.P. who are intelligent, and therefore how could we expect any intelligent contribution to the Parliament of Canada from that part of our Parliament which has no representation from that Party? I am sure that, considering the certainty with which those hon. Members speak on any and every subject which comes up, we all realize it is only the members of the N.D.P. who take the trouble to get themselves informed on any subject. It is only they who, indeed, are qualified because of their vast knowledge and experience in every line of endeavour from banking to ditchdigging to give advice on each and every point, and we cannot expect anything like the same standards from the other House because there are no members of the New Democratic Party in it. While members of that party are much too modest to tell us how hard working and diligent they are, I infer, sometimes, from the way in which they tell us that Members of this House or in the other House have not really applied themselves to their tasks, that they feel they have a monopoly when it comes to diligence and hard work, and that this being the case it would be useless to expect diligence and hard work from any Member of the other place. Feeling so convinced, on such very strong grounds, that the Senate is useless, they would naturally feel they were being less than honest if they were to suggest that any Member of the other place was worthy of his hire. Since the virtues I have mentioned are the sole prerogatives of the New Democratic Party it follows that they are completely absent from the other place. Therefore, I for one have no doubt as to the absolute sincerity of the hon. Member for Skeena and the hon. Member for Winnipeg North Centre in feeling it is their bounden duty to hound the other place out of existence. I think they honestly believe that any legislative body in this country upon which their Party is not represented must lack virtues which most of us feel are most important, if not essential, in any legislature.

• (5:30 p.m.)

However, I cannot myself speak with such a degree of certainty as the hon. Member for Skeena and his friends. In the same way I have reservations, for instance as to whether the age of 21 is really a better choice than the age of 18 when it comes to eligibility for voting. The question of the abolition of the Senate is one on which arguments could be made from both sides. But knowing something of what has gone on in the other House, having from time to time taken the trouble to listen to some very fine and informative speeches in that chamber, having read something of the work of its committees and knowing something of the dedication to democracy, the tremendous background of experience and information which those hon. gentlemen have brought to bear on the task before them, I am left in some doubt as to my willingness to agree with the hon. Member for Skeena, the hon. Member for Winnipeg North Centre and, indeed, with their

whole Party, that these men and women are somehow an inferior class. In fact, some of us who are capable of a touch of modesty—and I know the hon. Member for Skeena will find this hard to understand—sometimes feel we could learn a lot by listening to the voice of experience.

I found many of the statements made by the hon. Member for Skeena most insulting to the other House. I will admit there are Members of the Senate who apparently, from what I have been able to observe, do not work as hard as do some others. I have seen evidence from time to time that some are more capable than others. But I do resent, almost as a friend might, the insinuation that we should take for granted that there is no one in the other House who makes a worthwhile contribution, and that this is equally true of the work of the Senate as a whole.

I will say this: The method and the manner in which the hon. Member for Winnipeg North Centre uses his knowledge of the rules of the House, the interpretation he sometimes places on those rules in order to give a political twist to some of the questions facing us while seeming to insist that politics is the subject furthest from his mind, is entirely consistent with the arguments he and his friends now present in connection with the Senate. It is of course democracy they are interested in. The country should be run on the direct say of the electors.

Well, I believe this approach just as much as I believe so many of the hon. Member's arguments on the rules. It is the application which counts, and since there is no application of political appointments of supporters of the N.D.P. to the Senate either now or in the foreseeable future, this cannot be other than a very bad state of affairs and it should be changed. I am absolutely convinced, too, that the honesty of the hon. Member will remain intact should he and his friends suddenly be in a position to make appointments to the Senate. His honesty would remain intact because he would be overwhelmed by the new arguments which his agile mind would suddenly find applicable to the new circumstances.

However, I do not wish to deal at any length with arguments for or against the abolition of the Senate, because the resolution really asks whether or not Senators should retire and proposes the manner in which this might be arranged. Most of us who were in the House when a bill to retire judges was brought down heard some valuable contributions on the question of how valid is the argument that retirement should be compulsory on the basis of age alone. I am sure there are many here who have met people considerably over the age of 75 who are as mentally alert as men half that age. Sometimes they are as physically fit, too. Indeed, most of us are acquainted with men unfortunate enough to have encountered the aging process early in life; we have seen signs of positive senility in people of 50 years of age.

There are considerations we must take into account before we arbitrarily pick a retirement age of 70, 75 or 80 years. The question is whether the age of 75 is the right age to pick? This question only arises when we decide there is need to apply an age limit at all. I think the same reasoning which persuaded this House to apply an age limit to judges should persuade us now that it is a good idea to apply an arbitrary age limit in the case before us. It is true we are likely to lose the services of some who are still rendering most valuable assistance and who, with respect to many of the subjects we discuss here, make more intelligent contributions than 75 per cent of the Members of this House.

• (5:40 p.m.)

By passing this Bill we are going to say that, no matter how valuable their contribution in the past, no matter what may be the treasure-house of knowledge, experience and wisdom that we might expect in the future from such great people as these, we must do without it because the danger of allowing people to stay on there is greater than any benefit we can experience.

I suggest that before the House can pass this measure we must recognize and accept that argument; and I do not advance that argument on the basis that these people are lazy, that the Members of the Senate go there to retire, that there is not in our parliamentary system a positive need for a second House. The question is simply that on the average and over the long run by the age of 75, even with the advance of modern medicine, we find that in the vast majority of cases men and women are so much past their prime that the odds are very long indeed that they will give that invaluable contribution that we ask from those senior Members in the second House. In other words, while we are getting to be a younger nation and perhaps the demands of youth are taking more prominence, the situation simply is that we want to retain all the experience and the benefit of

the older, wiser and perhaps more stable people in our community, those who have gained pre-eminence and have earned an appointed which depends, not on popular vote, but is earned because of their dedication to public service and the confidence the Government of the day has in their devotion to our democratic systems and the belief in the use they will be to our Parliament. These are the qualities that give them their jobs; these are the qualities that we have asked them to have; these are the reasons, we say, that we rely on them implicitly.

Despite these qualifications and these reasons for their appointment, however, we are saying that we do not want an old fogey point of view, shall I say. We want a limit on the extent to which, shall we say, old age can influence their deliberations. Perhaps we want a limit on the length of time that a person may take to make up his mind. For any and all of these reasons, we feel that we cannot allow the Senate to take the risk of going beyond a certain age limit; that if we left the age limit off, the odds are that we will get an inferior type of person, rather than once in a while a really superior person of whom we, by this Act, would deprive ourselves.

I am a little puzzled, I must confess, as to why the resolution is directed at those who are going to be appointed after the coming into force of this act. I think the suggestion to the President of the Privy Council is a little unkind when we call it a bribe to get the present Members to retire, but I must confess that it does seem a most accurate description. As soon as I say that, I want to say that I do not mean it in any unfriendly way because the main argument is, I am afraid, that we do wish some who are now sitting, who are beyond that age limit, to retire. But there are many, or at least I believe there are some, who are beyond that age limit who have perhaps been improvident—although many there are very well off—and who took the employment in the belief that it was theirs for life, and that therefore they did not have to make other financial provision for a different type of livelihood when they had finished with it, who could not now support themselves, their wives or their families in anywhere near the manner to which they have grown accustomed. In fact there may be some who would find it extremely difficult to support their families in any fitting manner whatsoever. I think, then, to suggest, when it is said that we must do something for these

[Mr. Nugent.]

people, that we are being unkind to call it a bribe, is perhaps not facing the realities of the situation. However, I am a little suspicious that this is a very small minority of those who would be affected.

From my personal knowledge of the Senate—and I am afraid I have not had the opportunity or the pleasure of getting to know as many as I would like, and of those I do know, there are some whose financial affairs I do not know very well—but from what I have gathered from meeting Senators and from talks with my colleagues, a great many Members of the Senate are not at all in need of financial assistance. That is an argument, of course, against the necessity for offering them a bribe. If a man is not in need of financial assistance, then a pension would hardly seem to be an effective bribe to offer him. It is only the person who needs a pension that would need, perhaps not a bribe to make up his mind, but a way in which it becomes economically possible for him to follow the expressed wish of Parliament. I think that is a very important distinction. I like to liken it to the difference between convicting the man who is innocent and letting guilty people go free.

It is a most important maxim of our law, in the conduct of our criminal courts, that it is better that ten guilty persons should go free than one innocent person should be punished. I think, in fairness to the President of the Privy Council, before we use the word "bribe" we should perhaps use this type of reasoning; that even if there were only one or two Senators whose retirement might be in the best interests of the country, because they are over age—and I suggest that those who are over age and should retire are perhaps not aware that it is they themselves who are the weak ones in the House—it makes it only just, and not terrible, that we should make it financially possible for them to retire; because when they took on the job it was a contract between them and the Government of a job for life. I suggest that if we substitute the compensation that the Government is going to pay them for their releasing the Government from their part of the contract, we are perhaps getting to—

The Chairman: Order. I regret to interrupt the hon. Member but his time has expired.

Mr. Nugent: May I finish my sentence, Mr. Chairman?

The Chairman: Does the hon. Member have the consent of the Committee to continue?

Some hon. Members: Agreed.

Mr. Nugent: I say, Mr. Chairman, that rather than a bribe it is compensation for their releasing the Government from the Government's obligations under the contract, and we will achieve what I would call a fairer description of the suggestion of pension for these people than the word "bribe" used by the N.D.P.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

• (5:50 p.m.)

Mr. Orlikow: Mr. Chairman, it is not surprising that Members on the other side would like to get this resolution passed as quickly as possible, and with probably as little discussion as possible. I do not suppose in the years to come that there will be anything that this Party sitting on the other side, this great Canadian Party which has given such leadership to this country for so many years, will be so ashamed of as this proposal. I do not know for how many years—one would have to search the records—they have talked of Senate reform. Their great leaders, like Mr. Mackenzie King, could talk out of both sides of their mouths so ably that you could quote them on any subject; but they have told us what they would do and how they would do it. And what do we have here, Mr. Chairman? A proposal to bring in a bill which from now on means, after the bill is passed, that Senators will have to retire at age 75. But those great people now in the Senate can stay on or retire on an annuity of $8,000 a year.

I do not suppose in the history of Canada that there has been a worse group of Senators appointed to the upper chamber than those appointed by this Government in the short period of time it has been in office.

Mr. Brewin: That is because you are so familiar with them.

Mr. Orlikow: The hon. Member for Greenwood says it is because I am familiar with them. I hope that is the only reason; because it is inconceivable, to me at least, that worse ones were appointed in other years.

I am surprised by this, because there are some people in Canada who are Liberal Party supporters who do have ability. One has only to look at the universities of Canada to find a professor of history, or a professor of economics, or a doctor who is a Liberal. One would think, after all the fine speeches which have been made on the other side of the House, that some of these good people could have been appointed to the Senate since this Government took office so that they could have raised the standard of ability and quality in the other House.

I am not going to go into details today, but before this legislation passes we are going to put on the record the kind of people who have been appointed. One of the new Members is a very young man—I will not mention his name—who is still in his early forties. What is his great distinction, and the quality for which he has been appointed to the Senate—to a post where, as there seems to be something about the Senate which is conducive to old age, being in his early forties he can sit for another 40 years? What is his great quality or ability, this great service he can render to the Canadian people? He was the fund raiser in charge of the pork barrel of the Liberal Party in Ontario, which really makes him a good person to put in the Senate of Canada. That it the kind of person who has been appointed, Mr. Chairman.

What we have to realize with our present set-up, which will be such as long as this country is unfortunate enough to have the party opposite in power, is that we have a Senate, a second chamber, which has the kind of power which no other second chamber, to my knowledge, has in any other parliamentary system in the world. After all, in Great Britain, about whose customs and history we are so proud and which we emulate so often, in words if not in spirit, it is now almost 100 years, certainly more than 50, since the power of the House of Lords was clipped. The power of the House of Lords is very limited. I am speaking from memory, and I will go into this in detail at the appropriate time, but in the passage of legislation the matter becomes law on the second presentation to the House of Lords, whether that chamber agrees with it or not. But in Canada the Senate has practically as much power as the House of Commons.

These Senators are people who are appointed for life, many of them with very little qualifications. They have the right, the opportunity and the ability to stop cold legislation which the elected House of Commons may want to pass. Let this Government have the courage—which it has not—to propose a real medicare plan and you will see pressure brought upon the Senate from insurance companies and medical associations to cut the guts out of such a plan. And what will this

Government do if it ever has the courage to bring that kind of legislation before the Senate? Nothing.

I would have thought that before this Government brought in this proposal it could have learned something from the Province of Quebec. There they have a second chamber, an appointed chamber. The government of Quebec wants to establish the principle—a very sound principle which I wish the Prime Minister would think about some time—that the second chamber should not have the power which the elected chamber has. Because the Executive Council of the Province of Quebec has refused to pass certain legislation, the Government of Quebec is going to the Queen with a proposal that the Queen enact legislation to reduce the power of the appointed Executive Council in the Province of Quebec. Why does not the Government of Canada, this so-called great Liberal Government, propose that the power of the Senate of Canada be reduced, as it has been in every other country which has a democratic system of government? They have not done so, Mr. Chairman, because they have not got the courage. They do not mind a second chamber which has the power and authority to keep in check any proposals which in future years may come from an elected House of Commons.

I should like to say on behalf of the Members of this group that not only will we oppose this resolution but that I hope, indeed I expect, that we will fight the Bill when it comes in, clause by clause. Because I think it is a farce, a disgrace and a fraud on the people of Canada.

The Chairman: Shall the resolution carry?

Mr. Orlikow: Six o'clock.

The Chairman: It being six o'clock and in view of—

Mr. McIlraith: Mr. Chairman, may we rise and report progress?

The Chairman: Shall I rise and report progress and request leave to sit again at the next sitting of the House?

Some hon. Members: Agreed.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It being six o'clock it is my duty, pursuant to Provisional Standing Order 39A, to inform the House that the questions to be raised at ten o'clock this evening are the following: the hon. Member for Danforth (Mr. Scott), industry, benefits of Canada-U.S. automobile agreement to Canadian consumers; the hon. Member for Cape Breton South (Mr. MacInnis), labour conditions—

Mr. MacInnis: Mr. Speaker, a question of privilege.

Mr. Deputy Speaker: Order, please. The hon. Member for Timmins (Mr. Martin), income tax, acceptance of statements respecting charitable donations.

Mr. MacInnis: Mr. Speaker, on a question of privilege, on the thirteenth of this month when I gave notice to debate a matter pertaining to unemployment at Louisburg Mr. Speaker ruled, as reported in the last sentence on page 302 of *Hansard*:

> I am afraid there is nothing before the House to debate at ten o'clock.

This, Sir, constitutes a ruling on the request I made at that time. I was further informed that this matter was out of order. For some unknown reason this snap decision was taken. I made a legitimate request, one which I do not repeat at this time since the urgency of the matter has been removed. I see no reason why I should be put in such a position as this, having been denied the privilege of debating the matter according to the rules on the thirteenth, when it was ruled out of order by Mr. Speaker, and is now being brought forward, after some considerable thought on the part of the Speaker, who has now decided it is in order.

Mr. Deputy Speaker: I assume the hon. Member has unanimous consent of the House not to proceed with this question at this time. Is it agreed?

Some hon. Members: Agreed.

• (6:00 p.m.)

Mr. Knowles: I wonder whether, if the House is in an agreeable mood, we might not also agree to postpone the other items until tomorrow night, in view of certain uncertainties tonight at the end of the presentation of the Budget?

Mr. Deputy Speaker: Is it agreed?

Some hon. Members: Agreed.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

Hon. Walter L. Gordon (Minister of Finance) moved:

That Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

He said: Mr. Speaker: It gives me a great deal of satisfaction to be able to report to the House, and to the country, on the state of our economy and of our national finances. There has been a great and encouraging improvement in economic conditions, and in the state of the budget during the past two years. This robust expansion must be continued. With the budget under control, we must use our fiscal policies to achieve the nation's goals. The primary objective now is a healthy rate of sustained economic growth.

[*Translation*]

I am glad to note that all regions in Canada have shared in this expansion. The Atlantic provinces and the province of Quebec, for example, have experienced substantially increased economic activity. I believe that it is in this context of a prosperous and expanding economy, benefiting all Canadians, that we shall best succeed not only in maintaining but in strengthening the unity of our great country.

[*Text*]

Economic Objectives

When this government first came into office we stated a number of economic objectives. Our first goal was a high level of employment for Canadians and the reduction of unemployment. The second was a high and sustainable level of economic growth. Third, we wanted a better regional balance in both employment and growth. We also wished to bring into closer balance our trade and other current international transactions. To realize these objectives, we recognized that our industry, especially our manufacturing industry, would have to become more vigorous and competitive. We expected that as unemployment was reduced and these other objectives achieved, we would also be able to move toward a balanced budget. Moreover, we sought over the long term to improve the degree of participation by Canadians in the ownership and direction of businesses operating within our borders and using our resources.

We may all take pride in the extent to which these goals have been achieved.

Almost half a million new jobs have been created since the spring of 1963.

Unemployment had fallen by last month to 3.9 per cent, on a seasonally adjusted basis, which is just about half the 7.7 per cent reached in the first quarter of 1961.

This improvement in employment was not confined to one or two favoured parts of Canada. During the past two years some of the most rapid increases in employment took place in those sections of the country where unemployment had been particularly high. The decline in the unemployment rate in the Atlantic provinces and British Columbia was of the order of one third between the last quarter of 1962 and the last quarter of 1964; in Quebec there was a reduction of one-quarter. In Ontario and in the prairie provinces unemployment by the last quarter of 1964 was down to about 3 per cent.

We have also had a rapid increase in the Gross National Product. In the two years 1963 and 1964, the value of the nation's output increased by 6.5 per cent and 8.9 per cent, or by a total for the two-year period of about 16 per cent. Incomes have improved materially. The value of construction of all kinds increased by more than 20 per cent from 1962 to 1964, and housing starts went up from 130,000 to 166,000—that is, by more than one-quarter.

• (8:10 p.m.)

In our dealings with other countries we have achieved a considerable improvement in our balance of trade and payments. Our deficit on current account in 1964 was less than one-third what it was at its peak in 1959.

Mr. Diefenbaker: All kinds of selective statistics.

Mr. Byrne: Sour grapes.

Mr. Gordon: This improvement was achieved not by restricting imports and travel by Canadians, but by a vigorous expansion of our exports. Our secondary manufacturing industry has accounted for an important part of this change.

The improvement in our international balance of payments, and indeed in our rate of economic growth in general, could not have come about if we had not been able to keep our prices and costs competitive. Canadian

prices have risen less in the last two years than have those of any other industrial country in the world except the United States.

Along with these improvements in the performance of the economy we have been able to bring about a dramatic improvement in the federal budget. The 1962-63 fiscal year produced a budgetary deficit of $692 million. This has been reduced to $83 million for the fiscal year just ended.

If the accounts are translated into a form more suitable for measuring their impact on the economy, that is, into terms of the national economic accounts, the change in two years is from a deficit of $399 million in 1962-63 to a surplus of $332 million in the last fiscal year—an improvement of over $700 million.

These achievements have taken place against the background of the longest period of peacetime economic expansion we have enjoyed in the present century. However, the pace of our expansion has not proceeded without faltering. There was a noticeable pause in the advance at the end of 1962.

New Policies

In no small measure the strength of the expansion, certainly since 1962, is due to the introduction of new policies. The results achieved enable us to describe them as effective policies. They include:

(a) Strong incentives in the form of capital cost allowances to Canadian-owned manufacturing and processing companies installing new machinery and equipment.

(b) Similar inducements, together with a three-year tax exemption, for new manufacturing and processing companies to establish in designated areas of slow growth and high unemployment.

(c) Special arrangements to improve the efficiency of our automobile industry and to secure a fairer share of the total automotive production of North America.

Mr. Starr: Sixteen hundred laid off in Windsor.

Mr. Gordon: There seems to be a little noise, Mr. Speaker, but this will prove to be one of the most important policies ever introduced in Canada.

(d) Establishment of the Municipal Development and Loan Fund, to assist municipalities, with provincial approval, to accelerate their capital spending programs.

(e) Establishment of the Atlantic Development Fund of $100 million to stimulate economic activity in the Atlantic provinces.

[Mr. Gordon.]

(f) The highly effective $500 bonus for winter-built houses, and other increased help for housing and urban development.

(g) The provision of massive assistance to the provinces in the fields of technical and vocational training.

(h) The provision of guaranteed loans to students to assist them with their university education costs, and the provision of youth allowances to young people 16 and 17 years of age who remain in full-time education.

(i) A vigorous expansion in the loan programs of the Farm Credit Corporation.

(j) Increased amounts and improved terms for credits and insurance to finance a rapid increase in exports.

(k) Improved fiscal arrangements with the provinces to enable them to do their important part in a growing modern economy.

(l) And last, but certainly not least, there has been a monetary policy which enabled the demands of economic growth to be met without a tightening of credit conditions.

Partly as a result of such policies, the Canadian economy in the past two years has expanded faster, and unemployment has been reduced further than in the United States.

It might interest hon. Members to know that in the United States last year, 1964, the total output of the economy of that country increased by 6.6 per cent. In Canada the increase was one third as much again.

In 1964 unemployment in the United States was reduced by 7 per cent. The rate of reduction in Canada was almost twice that figure.

Current Situation and Outlook

The economy is currently in a very healthy state. Unemployment is at its lowest level since 1957. Our output of goods and services is at record heights and is still rising. Prices are reasonably stable. Our international competitive position remains strong. The capacity of our industry is being used more fully. Business confidence is reflected in the highest level of capital investment we have ever had. All areas of the country, almost all types of industry and agriculture, and most groups in the community are sharing in this advance.

Mr. Winkler: Is that why the farmers are coming to Ottawa on Wednesday?

Mr. Pearson: To get even more.

Mr. Gordon: I thought all the farmers were over there, Mr. Speaker, but they won't be like that after the next election.

We may view our prospects for the coming year with confidence. Canadians in the ag-

gregate, both individuals and businesses, and their governments will invest and consume substantially increased quantities of goods and services in 1965.

• (8:20 p.m.)

The economies of the nations with whom we trade, subject to one or two exceptions, are continuing to expand, and the markets for our exports should continue to grow. We have sufficient productive capacity in Canada to meet our own needs and those of our trading partners. New investments now being made will increase our capacity to produce. And last—but of great importance—we have the most rapidly growing labour force in the industrialized world and it is better trained than ever before.

Mr. Diefenbaker: Thanks to Mr. Starr.

Some hon. Members: Oh, oh.

An hon. Member: Even he couldn't keep a straight face.

Mr. Gordon: It is this growth in our labour force which provides the foundation for rapid economic growth in Canada. It also makes it necessary. This necessity for growth in order to put our young and rapidly growing labour force to work was the central feature of the First Annual Review of the Economic Council, published several months ago.

Economic Council Review

Honourable members will recall the main projections which the Council brought to the nation's attention: that between 1963 and 1970 Canada's labour force can be expected to grow by 2.7 per cent per year on the average; that the potential productivity of our workers—that is, output per person employed—can be expected to increase by 1.9 per cent per year; that, if the level of unemployment can be reduced to an annual national average of 3 per cent—which the Council regards as a realistic objective—and if we can catch up the lag in our productivity gains between 1957 and 1963—we can reach an average rate of growth in our production over this period of 5½ per cent. The Council points out how the achievement of this rate of growth would require and make possible rapidly expanding levels of consumer expenditures, government expenditures, business investment and exports.

The realization of the true potentials of the Canadian economy is a goal which all of us can accept. The problem has been, and will always be, to develop and put into effect the kind of policies needed so that each major part of the economy can make its full contribution. The Council has given us helpful advice in this regard.

There are, as the Council has pointed out, some especially difficult problems before us. Canada must train and place in the right jobs an enormous number of young people if we are to achieve the potentials the Council anticipates. Industry must grow at a pace which will provide these jobs and must increase its productivity. The capital must be found which industry, and governments, will require to finance this expansion. And above all, Canadians must find, and be efficient in competing for, the domestic and foreign markets for the goods which an expanded economy will be capable of producing.

To achieve all of this will be difficult enough, but our very success in doing so will itself pose problems. A higher rate of productivity is essential to the achievement of the nations's economic potential, and its ability to compete, but it means we have to find more markets to employ our manpower. Rapidly rising production generates more employment, but it could also lead to the large deficits in international payments which the Economic Council has projected in its model. These must be avoided.

Balances of Payments

We hear a great deal these days about the balance of payments problems of our friends the British and the Americans. The British problem springs in considerable part from the strain which has been placed on their productive capacity and which their recent budget is designed to relieve. The essence of the Americans' problem is that the very large surplus they earn in trade and other current transactions is substantially less than what is needed for the large scale private investment by Americans all over the world, in addition to the requirements of defence overseas and foreign aid.

Our problem is unlike either of these. Although we still have some room in our economy for increased production without undue strain, we continue to have a deficit in our current transactions with the rest of the world. To be sure, last year we achieved a trade surplus of $700 million. But we used up this surplus and more in servicing past debts, in paying dividends to foreigners, and in making other kinds of current payments. Our current operating deficit was, I am glad to say, lower than it had been for ten years. But it is

still sizeable. Furthermore, last year we exported large quantities of wheat to Russia, and we cannot count on having such large markets for our wheat on a continuing basis.

Our persistent international payments problem is apparent not only in the total size of our current account deficit, but also in its structure. Last year our current account deficit with the United States reached nearly $1.7 billion. This was largely offset by a surplus of $1.2 billion on merchandise and non-merchandise trade with the rest of the world, including the large wheat sales to communist countries. These transactions still left us with a current account deficit of $453 million which we had to finance.

In order to provide jobs to match the quite exceptional growth of our labour force we will need high levels of capital investment in the next few years, higher than the present physical capacity of the economy can be expected to meet. I do not anticipate difficulties in financing outside Canada the moderate amounts really required for this purpose, but this dependence on foreign savings should not be permitted to persist indefinitely. The world is hungry for capital for investment both in developing and in industrialized countries. The major source of capital, the United States, is having to restrict its investments abroad. We would be foolhardy if we assumed that over the long term the capital needed to cover our continuing current account deficits, whatever their size, would always be ours for the asking.

Financial Markets

The performance of our financial markets during 1964 was remarkably good. Through the first half of the year, they weathered successfully the continuing uncertainties arising out of the United States' Interest Equalization Tax. Later they adjusted readily to the disturbances arising out of the United Kingdom balance of payments problems. In spite of these difficulties the Canadian capital markets handled a greater volume of new issues than in the previous year.

The substantial improvement in the federal government's financial position enabled us to reduce our demands on the market, thereby making room for other borrowers. The improvement in the government's position also made it easier for monetary policy to continue to give support to economic expansion. Interest rates were slightly lower at the end of the year than they had been at the beginning.

The House will recall that, at the time the United States' Interest Equalization Tax and the Canadian exemption were announced in July, 1963, the Canadian government stated its intention not to seek to increase Canadian exchange reserves through borrowing in the United States. During 1964 Canadian monetary and debt-management operations were undertaken with a view to their effect on Canadian borrowers who might seek funds in the United States, as well as with a view to domestic conditions. The interest rate differentials between Canada and the United States fell, during the course of 1964, to the lowest level for some time.

The financial disturbances at the time of the sterling crisis and the raising of the bank rate in Canada were not allowed to interfere with this development. In fact, the careful handling of that situation by the Bank of Canada considerably assisted in meeting this objective and keeping our capital market working effectively.

The past year was marked by a further evolution of the international financial machinery. Just as Canada benefited from the rapid assembly of massive financial assistance at the time of her exchange crisis in 1962, so Britain was the recipient of even more massive aid in the autumn of 1964. Canada was an active and major participant in this operation.

• (8:30 p.m.)

International Liquidity

During the year representatives of the government took part in a series of international discussions on world liquidity. The question at issue has been whether the total of international reserves, such as our own reserves of gold and foreign exchange, when combined with official international credit arrangements such as those provided by the International Monetary Fund or by arrangements between central banks, is sufficient to support the growing level of international trade and payments both now and in the years ahead.

As Minister of Finance I attended meetings of the so-called "Group of Ten" in Paris last June and of the Board of Governors of the International Monetary Fund in Tokyo last September. The most immediate result of these discussions is that the Fund itself is to be enlarged by a 25 per cent increase in the quotas of all members, plus special additional increases for member countries such as Canada whose growth has been well above the average. I have made it quite clear that Canada would have welcomed a greater increase than this in world liquidity in order

to ensure expansion of world trade and payments without any drag or interruption.

Trade Policies

In the Budget Speech last year I described our preparations for the "Kennedy Round" of tariff negotiations in Geneva, and outlined the principles that would govern Canada's participation. The formal opening of the negotiations occurred last November when the offers of reductions in duties on industrial goods and materials were exchanged. Our delegation is now engaged in a detailed examination, with other delegations, of the scope for tariff reductions of mutual benefit.

The negotiations on agricultural products are only now getting under way. This means that for Canada, with its important export interests in agriculture, the Kennedy Round is not yet in full swing.

Consequently it would be premature to offer any firm or final judgment as to the probable outcome of this tariff conference. Nevertheless I believe there are real possibilities for important tariff reductions covering a broad range of our exports. We have a strong delegation in Geneva, headed by Mr. Norman Robertson, one of the most respected senior public servants of Canada. I can assure the House that our representatives will bargain vigorously and realistically to advance the interests of Canada at this conference. It is in our interests that barriers to trade throughout the world be progressively reduced.

There has been a good deal of interest recently in our trading relations with the United Kingdom. The United Kingdom has always been a very important market for Canadian raw materials and foodstuffs which Britain requires in great volume. For a wide range of such products Canada is Britain's nearest, and most reliable and cheapest source. As a result, our sales to Britain over the years have normally exceeded her sales to Canada.

In the last three years this excess has been increased because United Kingdom export markets in Canada were adversely affected, first by the devaluation of the Canadian dollar in 1962, and then by the Canadian import surcharges that were in effect for some nine months.

Understandably the British are concerned about the large deficit in their trade with Canada. We can appreciate this because we face the same sort of problem, but in a more exaggerated form, in our current account transactions with the United States. It would be better in both cases if increased exports enabled these large bilateral deficits to be reduced.

I am glad to note that for a good many products the United Kingdom has now significantly improved its position in this market. For 1964 as a whole its merchandise exports to Canada were $60 million more than in 1963. This improvement is reflected in a variety of British exports to Canada, of which automobiles are one of the most notable examples. Our imports of cars from Britain in 1964 increased by 100 per cent over 1963. Here is a real example of energetic British exporters adapting their products and their dealer and service organizations to meet the needs of Canadian consumers. We expect now to see further substantial improvement in the sale of British products in the Canadian market.

Federal-Provincial Relations

The achievement of Canada's economic goals—of our potential growth—will require the use of the whole range of policies available to us and to provincial governments and local authorities. These include not only general policies, fiscal and monetary, trade and industrial, but also particular policies. These particular policies are reflected in measures relating to the development and use of our natural resources, the education and training of our young people, the planning and proper use of our land, the develpment and the redevelopment of our cities and towns, and the proper planning and building of the roads and other utilities on which both our production and our living are dependent. That is necessary if business, labour, agriculture and other private interests are to play their full part in carrying forward the progress of our economy, and improving our productivity.

All this implies that the federal government must work with the provincial governments and that the latter, in turn, must work not only with us, but with the municipalities. The federal government's responsibility in the field of fiscal policy, monetary policy and trade policy is primary and indisputable. And that is as it should be. To work to best advantage, however, such policies should be co-ordinated with plans and policies in areas which come under provincial jurisdiction.

Moreover, we must recognize that the sum total of the effects of the fiscal policies of the provinces is also of national importance. The provinces and the municipalities

together are now spending more than is the federal government. It follows that changes in provincial revenues and expenditures, and in their budgetary balance, have a major effect upon growth and stability in the Canadian economy. It follows too that the timing of their expenditure measures can be such as to contribute to a steady growth of production and jobs, or the reverse.

• (8:40 p.m.)

An essential part of the job of good economic management in Canada is to achieve a reasonable harmony in the policies of the different governments. That is why we spend much of our time, both Ministers and officials, in consultation with the provinces. For example, the Provincial Treasurers and Ministers of Finance met with me in what might be called a pre-budget meeting in December, in order that we might jointly review the state of the economy and compare our views as to its prospects.

During the next 18 months, the federal government and the provinces must also review and revise the federal-provincial fiscal arrangements between them in order that we can propose legislation for the five-year period commencing in 1967. It was for that purpose that the federal-provincial conference last year appointed the Tax Structure Committee of Ministers from Ottawa and from the provincial governments. The representatives of the eleven governments will examine the fiscal outlook of federal and provincial governments in an effort to determine the probable requirements of each of them in the six years ahead. We shall endeavour to find a division of the tax fields and a formula for equalizing fiscal capacity which will assure to Parliament and to each provincial legislature effective means of carrying out its own responsibilities under the Constitution.

Royal Commission on Taxation

During the same time that we are discussing and revising our fiscal arrangements with the provinces, we shall be making a thorough review of our own federal tax system—both in its general plan and in detail—with the aid of the report of the Royal Commission on Taxation appointed in September, 1962. Last year I said I expected the report would be published in time to find some reflection in this year's budget. Unfortunately the Commission was not able to conclude its work when it planned to do so, and now I do not expect the report to be available before fall. Consequently we are having to defer the thorough review of our tax laws until later.

University Finance

This government, as well as its two predecessors, has taken a vital interest in doing what it properly could to help young Canadians to be trained to work effectively in the modern world. Our program of assistance to the provinces for technical and vocational training now involves annual expenditures of over one hundred million dollars. Parliament last year provided for youth allowances to young people of 16 and 17, and also instituted with the co-operation of the provinces a large and already successful program of guaranteed student loans. The Central Mortgage and Housing Corporation has been making loans to universities for student residences that are helping to transform the character as well as increase the size of our universities. We are paying unconditional grants equivalent to $2 per capita to the universities in nine provinces and providing the equivalent in Quebec by a tax abatement formula. We are making large grants to universities for scientific research. It is evident, however, that more needs to be done in financing higher education in Canada, though just what should be done and in what way are unresolved questions.

The universities have established their own committee of enquiry into university finance which should be reporting later this year. Its report should be of much help in re-appraising not only what is needed but how it should be supplied. We shall be anxious to discuss the subject of university finance with the provincial governments when there has been an opportunity to study the forthcoming report of Dean Bladen and his colleagues.

Accounts for 1964-65

I come now to review briefly the outcome of our budgeting for the past year and assess the prospects for the year ahead, before putting the government's proposals before you. The figures are all given in part 2 of the White Paper which I tabled two weeks ago and I will refer only to the highlights. Revenues exceeded all expectations because of the excellent improvement in the economic situation, a greater improvement than I could properly forecast a year ago. At $7,136 million they were $436 million more than the figure in last year's budget. Expenditures are

estimated at $7,219 million, $64 million, or less than one per cent, higher than originally forecast. This leaves a budgetary deficit of $83 million, less than one-fifth the amount originally forecast.

Last year, for the first time, I included with the budget a forecast of our revenues and expenditures in terms of the national economic accounts. Part 1 of the White Paper explains the nature of these accounts and gives some of the figures for past years, and for the calendar year 1964. For the past fiscal year our revenues are estimated in these terms at $8,313 million and our expenditures at $7,981 million. This means that in place of the small deficit originally anticipated, in these terms, the national economic accounts reflect a federal government surplus of $332 million.

These results—a deficit of $83 million by our parliamentary public accounts, and a surplus of $332 million by the national economic accounts—are the best in seven years. In practical terms it seems fair to say that after a long period of troublesome deficits the nation's finances are now under firm control.

In this new fiscal year we can anticipate further increases in our revenues based upon the growth to be expected in the economy itself. We can be confident that the recent rates of economic growth will continue well into the summer, although the outlook for the latter part of the year is less certain. We can reasonably forecast an increase of about 7 per cent in the Gross National Product in 1965 compared with 1964, of which increase nearly 5 per cent would be in volume. This will mean that for the first time the Gross National Product of Canada this year will exceed $50 billion.

Outlook for Revenue and Expenditure

Without any changes in our tax laws I would expect our revenues to be about $7,525 million. With the consent of the House I would propose to include a table in *Hansard* at this point giving the details of this forecast, and comparing them with the estimated figures for last year.

Mr. Speaker: Does the House give unanimous consent?

Some hon. Members: Agreed.

[*Editor's note: The table above referred to is as follows:*]

Budgetary and Old Age Security Fund Revenues

	1964-65 Preliminary ($ million)	1965-66 Forecast Before Tax Changes ($ million)
Personal income tax	2,108	2,175
Corporation income tax	1,510	1,570
Non-resident withholding tax	144	148
Estate tax	90	97
Customs duties	617	670
Sales tax	1,193	1,300
Other duties and taxes	676	725
Total taxes	6,338	6,685
Non-tax revenues	798	840
Budgetary revenues	7,136	7,525
Old age security fund revenues	952	1,145
Total revenues	8,088	8,670

Mr. Gordon: I should point out that the details of these forecasts are inevitably complicated and involve many special factors affecting particular items, especially in the case of corporation income tax. The forecast for personal income tax takes into account the higher abatements in favour of the provinces, and also some movement toward prompter remittance of tax deducted at the source.

I am forecasting budgetary expenditures for this year at $7,650 million. This figure, like that for revenues, is based on the expectation that Quebec will take full advantage of the opportunity to contract out of established shared-cost programs recently authorized by Parliament, but that other provinces will not avail themselves of this opportunity this year. My forecast includes allowances for supplementary estimates and for the anticipated shortfall of total expenditures below appropriations requested. It includes all items I know of that are already authorized or that we plan to place before the House. On the basis of these forecasts of revenue and expenditure before budget changes, we would have a deficit in our budgetary accounts of $125 million.

I expect the Old Age Security Fund this year to have revenues of $1,145 million from which pensions of $905 million will be paid.

The remainder will be used to repay the outstanding loans to the Fund of $36 million and to be applied in future years to meet the cost of paying pensions at ages below 70.

Taking into account our non-budgetary loans, investments, receipts and credits—particularly the accumulations in our employee superannuation accounts—we estimate our net total non-budgetary cash requirements at $225 million. Adding this to the anticipated budgetary deficit we get a total cash requirement of $350 million for the year, apart from government security transactions or variations in our exchange reserves, and before allowance for the proposals I will now be making.

As I did last year, I would like to table and have included as an appendix to the budget, tables showing how these forecasts of revenue and expenditure appear when expressed in terms of our national economic accounts. They show an expected surplus in these terms of $343 million, compared with the surplus for the year just completed of $332 million.

Mr. Speaker: If I may just interrupt, is it agreed that these tables be printed in *Hansard*?

Some hon. Members: Agreed.

[*Editor's note: For tables above referred to see Appendix "A"*].

• (8:50 p.m.)

PROPOSALS

Mr. Gordon: I turn now, Mr. Speaker, to the proposals which I wish to lay before the House.

Canada Development Corporation

The first is a financial measure which does not involve tax changes. One of our important objectives is to encourage the development of industrial opportunities in Canada by Canadians. There has been over the years increasing evidence of the need for additional Canadian sources of financing for businesses in Canada, particularly where substantial sums of equity funds are required. The recent actions taken by the United States and by the United Kingdom to protect their balance of payments have emphasized the need for industrially developed countries to be able to stand on their own feet more than in the past. In the future, new business developments in Canada should be looking to domestic sources for more of their financial requirements.

Canadian provinces will find their financing problems much easier with the inauguration of the Canada Pension Plan and the Quebec Plan next year. Municipalities have already benefited greatly by the establishment of the Municipal Development and Loan Fund, and I expect they will derive at least indirect benefits from the accrual of funds under the the Canada Pension Plan. Canada now needs some new institutional channel through which Canadians can invest their savings in a form that carries with it a share in the ownership and direction of businesses operating in this country.

To assist in meeting this requirement, Parliament will be asked to approve a measure establishing a Canada Development Corporation. It would be the function of this Corporation to share in financing the initial development, or expansion of large scale industrial projects in Canada, and to provide financing, including refinancing, for large Canadian enterprises which might otherwise be led to seek funds outside Canada, with a consequent loss of ownership and control to non-residents. The Corporation would be expected to invest in projects and enterprises which are likely to contribute to the sound economic development of Canada and to be profitable in the long run.

The Canada Development Corporation would be authorized to purchase from the government the equity interest in Crown corporations that have become viable commercial operations. In particular the government would propose to sell to it Polymer Corporation, which has been a highly successful and profitable government enterprise of which Canadians can well be proud.

The sale of one or more Crown corporations in this way to the Canada Development Corporation would conform with the views expressed by the Glassco Commission.

The Canada Development Corporation would have an authorized share capital of about one billion dollars. The shares would be of the mutual fund type, the shareholder having the right of redemption at values to be established by the Corporation based on the value of its investments. There would be restrictions on the ownership and voting rights of the share of the Corporation to ensure that it is essentially Canadian owned.

The Corporation would be mainly financed by the sale of its shares to the public. Individual investors would be given priority in purchasing shares but support would also be sought from a wide variety of Canadian institutions, including insurance companies,

banks, trust companies, pension funds, estates and trusts, credit unions, charitable foundations and, I may add, provincial governments and their agencies.

Mr. Herridge: We proposed the establishment of a Canadian development fund 15 years ago.

Mr. Gordon: I hear an interruption from my friend across the way. It is too bad he was not in a position to do anything about it.

No investor other than the federal government would be permitted to own more than 3 per cent of the outstanding shares.

The government would subscribe on its own account for 10 per cent of the issued share capital. In addition, the government might acquire additional shares from time to time, either as partial compensation for the sale of Polymer Corporation or in connection with underwriting the sale of shares to the public. In order to ensure the independence of the Corporation, any shares taken up by the government in excess of 10 per cent of the issued capital could be redeemed by the Corporation whenever the Board of Directors wished to replace them with shares sold to the public.

The government would also have authority to purchase debentures of the Corporation or to make loans to it up to a maximum of $100 million.

The Corporation would be directed by a Board of Directors to be appointed initially by the Government, with provision for election of the directors by its shareholders when the Corporation's shares have been sold to the public. In this way the Corporation would stand on its own feet, free of government control. In view of its proposed investment in the Corporation, the government would retain the right to appoint a small proportion of the Directors.

We are convinced that thousands of Canadians will welcome an opportunity to share in the future growth and development of our country; that they will take pride in owning even a small interest in expanding Canadian industries. Participation in the Canada Development Corporation will provide this opportunity.

I am placing a Resolution on the notice paper immediately to pave the way for the introduction of a bill to establish this Corporation.

Publications

I turn now to a measure of a very different character. The government has given considerable thought to the best method of dealing with the magazine problem, and to the equally important matter of preserving Canadian ownership and control of Canadian newspapers. At the present time there is no law or other impediment standing in the way of the purchase by non-residents of any of our newspapers. Given the vital role newspapers play in influencing public opinion, we do not believe we should run the risk of them falling under foreign control.

• (9:00 p.m.)

In the Resolutions which I am presenting this evening we propose that the Income Tax Act be amended to disallow, as a business expense of a Canadian advertiser, the cost of advertising primarily directed to a Canadian market in a non-Canadian periodical or non-Canadian newspaper. This measure would become effective next January. Advertising in the so-called "Canadian editions" of non-Canadian periodicals now being published and printed in Canada will not be affected by this provision, nor will advertising in the two small foreign-owned weekly newspapers already being published in this country. The question of the subsidized postal rates now enjoyed by the Canadian editions of non-Canadian periodicals will be studied as part of a general review being made of postal rates.

The purpose of this measure as it affects newspapers is purely preventive. No existing commercial interests will be affected, nor will any changes in existing advertising patterns be required. Foreign newspapers can enter Canada freely and will continue to do so, but we intend that our Canadian newspapers shall remain under the control of Canadian owners. They will be as free as ever to determine their own editorial content; they will be free to use whatever foreign commentaries and other features they wish; they will be free to rely upon whatever foreign or international news services they favour.

I shall also be proposing tonight a Resolution to amend the Customs Tariff to prohibit the entry into Canada of non-Canadian periodicals, such as split runs, containing advertising primarily directed to the Canadian market, as well as periodicals in which more than 5 per cent of the advertising contains specific references to sources of availability in Canada or conditions of sale in Canada. This is essentially the same as the Resolution which stood on the order paper last session.

Accelerated Capital Cost Allowance

I wish to turn now to measures designed to encourage industrial development and increased productivity.

The first is one which does not require action by Parliament but which, I hope, will meet with general approval. It will be recalled that in 1963 the government introduced a highly accelerated rate of capital cost allowance on new manufacturing machinery and equipment, acquired by companies with a degree of Canadian ownership and by individuals carrying on business. This incentive measure is scheduled to terminate on June 13th of this year. It has permitted the cost of machinery and equipment to be deducted from income for tax purposes over as little as two years, and has greatly helped in bringing about the expansion and modernization of Canadian manufacturing and processing industries. It has been responsible in large measure for the great increase in private capital expenditure and thus for stimulating total employment and production. We have decided that this measure should be extended to cover machinery and equipment acquired up until the end of December, 1966. Before that date it will be thoroughly reviewed in the light of the analysis and conclusions of the Royal Commission on Taxation.

The effect upon our revenues in this fiscal year of this extension of the accelerated rate of capital cost allowance is estimated to be $15 million. The effect next year will be much greater.

I am also proposing some changes in capital cost allowances to help farmers who are facing difficulty in marketing corn and other grain crops in areas where there is a shortage of grain storage facilities. I am thinking of many areas, including the area comprised by the constituency of Essex East, a great corn belt. Under this plan, which will be incorporated in a regulation, the cost of all new grain storage facilities constructed in the period May 1, 1965, to December 31, 1966, may be written off for tax purposes over a four-year period. This will apply to farmers and taxable co-operatives as well as to others. The new arrangement will be helpful both in the east, where corn production is expanding rapidly because of changes in harvesting techniques, and in the west where rationalization of transportation and grain handling facilities should go hand in hand.

An important tax concession will also be provided to encourage industry to take new steps to prevent the waste products from their operations polluting our streams and lakes. This will take the form of an amendment to the Income Tax Regulations to permit capital expenditures made until the end of 1966 by businesses primarily for the purpose of preventing water pollution to be deducted at the rate of 50 per cent. This provision will also be reviewed following the report of the Royal Commission on Taxation and after we have the results of studies being made of the problems of pollution and the means of dealing with them.

[Mr. Gordon.]

Scientific Research and Development

The Income Tax Act includes a provision introduced in 1962 which permits those making expenditures on scientific research to deduct not only the amount of these expenditures from income in the year in which they are incurred, but also an additional 50 per cent of the increase in research expenditures over those in the 1961 base year. This results in a reduction in taxes, which is equivalent to making a grant in support of such research.

I have received many representations and suggestions in regard to this extra 50 per cent deduction, as well as enquiries as to its future beyond the 1966 taxation year when the present provision expires. The government believes it is highly important to continue to offer a general inducement to industry to expand its effort in scientific research and development. We consider, however, that this inducement could be made fairer and more effective if it were in a form that was of more value to new and small companies, subject to the lower rate of tax, and of those faced with losses. The assistance now proposed would take the form of grants of defined amounts to be taken in cash or applied as credits against the tax liability of the businesses concerned. Such benefits would then be accounted for to Parliament in the same way as other expenditures.

For this purpose we propose to bring forward a bill that will provide in 1967 and later years a grant or a credit against tax liabilities equal to 25 per cent of the defined amount of expenditures on scientific research or development carried out by a business, either directly by its own staff or by contract with others in Canada. For 1966 a business will be permitted to elect whether to get the benefits available under the Income Tax Act or the benefits under this new legislation.

It is proposed that the whole amount of capital expenditures for scientific research or

development would be eligible to qualify for the bonus, subject to certain safeguards. In regard to current expenditure, it is proposed that the bonus be calculated on the increase in research and development expenditures in any particular year over the average of such expenditures in the three preceding years.

• (9:10 p.m.)

This assistance for research and development will be administered by the Department of Industry. It will be available automatically to all businesses whose expenditures on research and development are less than $50,000 a year. Those who wish to receive assistance based on larger expenditures than this will be able to do so by getting prior agreement from the Minister of Industry that the research and development proposed, if successful, would be likely to benefit Canada.

I have set forth the government's intention here so those making long term plans will be able to take these intentions into account. The legislation proposed will not be required until 1966, and we will welcome comments and suggestions based on the outline I have given.

Improvements to Income Tax Act

I have reviewed the Income Tax Act again this year, and considered carefully the many requests and suggestions received from taxpayers across Canada. It will not be possible to accede to all of them. If we were to do so the government would be left with no revenues at all.

I wish to propose a number of amendments to increase the equity of the Act in its application to individuals. One of these will be to allow a taxpayer to claim a deduction for supporting his niece or nephew where the parents of the niece or nephew are not able to provide support. A taxpayer will also be allowed a deduction for amounts spent to support his aunt or uncle if she or he is dependent by reason of mental or physical infirmity.

There will also be an amendment to ensure that contributions to the Canada Pension Plan and the Quebec Plan will be fully deductible in calculating taxable income.

Amendments will be introduced to permit individuals to transfer lump sum retiring allowances into a pension plan, deferred profit-sharing plan or registered retirement savings plan without attracting tax at the time of transfer. The percentage of earned income that an individual may deduct as a premium under a registered retirement savings plan will also be increased.

It is proposed that amounts paid as annual trade union dues or professional dues, which now may be deducted from income under Section 11 of the Act, will no longer be included in amounts covered by the $100 optional standard deduction. This will permit both the amount of dues and the $100 standard deduction to be claimed in future.

I propose that corporations and individuals in business be granted the right to deduct certain expenditures made in connection with their businesses that have hitherto been ruled as non-deductible, on the grounds that they were capital in nature or not related directly to earning income. This amendment will permit a taxpayer to deduct expenditures such as the costs of making representations to a government or municipality for the purpose of obtaining a licence, franchise or trade mark in connection with his business, or amounts spent investigating the suitability of a site for a new factory or power development. It will also permit a taxpayer to deduct the cost of landscaping his place of business or an apartment building, and it will permit a farmer to deduct amounts spent for clearing land or laying drainage tile.

Mr. Herridge: You can aspire now to receiving grateful credit for this.

Mr. Fisher: You can retire now.

Mr. Gordon: Well, Mr. Speaker, I would just like to thank the hon. Member for Kootenay West for bringing this to my attention, and say I hope he does not retire. That, however, does not go for all his colleagues.

In 1963 a number of provisions were placed in the Income Tax Act to prevent tax avoidance by means that were prevalent at that time. These deterrents have been effective. Other loopholes in the law continue to be found, however, and exploited in a way which is unfair to others as well as costly to the Crown. When the Act is extensively revised in the light of the report of the Royal Commission on Taxation we hope that we can make some general changes that will safeguard against abuses. In the meantime we will continue the 1963 measures, and I propose to add several more of a specific character, some of which are in the Resolution, while others will first appear in the Bill itself.

Section 36 of the Act, which is intended to provide tax relief for lump sum payments, is being abused in some cases. Some persons arrange to have inordinately large amounts

placed to their credit in pension or profit-sharing plans and then, having received this amount upon termination of their employment or the winding up of the plan, they elect to have it taxed at a low rate under section 36. I propose that the major abuses in this area be blocked by restricting the amounts that qualify for taxation under Section 36.

I also propose an amendment to prevent persons from arranging to have business income taxed at no more than the non-resident withholding tax rate of 15 per cent through the use of trusts with non-resident beneficiaries. Because of the varied use of trusts it is difficult to foresee the effect that the proposed amendments in this area may have in all cases. Consequently modifications of this proposal will be considered if representations should show that the amendments outlined in the Resolution will have an unintended impact upon trust arrangements where tax avoidance is not a factor.

Some companies and their principal shareholders have found it possible to avoid taxation on the distribution of accumulated surpluses, or to avoid the withholding tax on payment of dividends to non-residents, by changing the residence of these companies to another country of companies incorporated in Canada. To prevent this form of tax avoidance I propose that henceforth companies incorporated in Canada shall be deemed to remain residents of Canada.

Several amendments will be introduced to prevent certain of the concessionary provisions applicable to the oil, gas and mining industries being used in ways that were not intended.

We propose to require annual returns from trustees administering pension plans, retirement savings plans, and deferred profit-sharing plans. These plans involve very large sums of money representing accumulations of income on which tax has been deferred. We believe that the tax authorities should receive an annual account of their operations.

Customs Tariff Changes

I turn now to matters relating to the Customs Tariff. As honourable members are aware, the Kennedy Round of trade negotiations which is being conducted under the auspices of the GATT is now in progress in Geneva. A number of the requests which have been received in the past year for reductions in rates of duty are being taken up in these negotiations. Accordingly the Resolutions relating to the Customs Tariff which I shall table at the end of my remarks contain fewer changes than usual, and I do not feel it is necessary to describe them here.

I shall be seeking authority to renumber the items in the Customs Tariff by Order-in-Council. The present numbering of the Tariff has evolved over the years and is a mixture of numbers and letters, making it difficult to relate import statistics to individual tariff items. A purely arithmetic numbering of the tariff will permit the use of modern tabulating equipment for correlating import statistics and tariff items. As the Resolution makes clear, the proposed renumbering will not affect the substance of any item in any way.

During 1964 the Tariff Board submitted two reports, one covering mining equipment and the other covering oil-seeds, vegetable oils and related products. On March 29 of this year I tabled a report by the Board on radio, television and related products, and on April 9 I tabled a report on live turkeys. These four reports are now under consideration in preparation for international negotiations in connection with items which have been bound under the General Agreement on Tariffs and Trade.

I am proposing to send two new references to the Tariff Board. One will cover machines used in the grading, packing and storing of fresh fruits or fresh vegetables. The other will relate to precision instruments used in such activities as engineering, surveying, drafting and machining.

The Customs Act

I am proposing several changes in the Customs Act this year. One is being introduced to deal with the case put forward by the British government that there are some features of our Customs law which bear inequitably or unreasonably on British goods by comparison with goods from other countries.

What is involved in the operation of the value for duty provisions of the Customs Act as they relate to the quantities of goods sold and to the trade level at which they are sold in the country of origin. We have accepted the British contention that there are certain circumstances in which these provisions work a particular hardship on their exporters as compared with exporters in certain other countries. Accordingly I shall be moving an amendment to the Customs Act to provide power to deal with such cases by means of a new Section 37A of that Act. If Parliament approves it, we shall make effective use of this section to remove any dis-

crimination of this nature against British goods.

It is the government's hope that this proposal will be taken by British exporters as a decisive response to their pleas that Canada give a clear signal that we welcome their goods; we hope, too, they will respond by seeking out and serving the very substantial demand which certainly exists here in Canada for imported goods.

There are a number of other less important amendments which will be advanced in the Resolution on the Customs Act.

Estate Tax Act

I do not propose this year to introduce any amendments to the Estate Tax Act. We amended the Estate Tax Act last year, as you will recall, in a number of particulars, and I said that any material changes would now affect provincial revenues more than they would affect our own budget position. I went on to say we felt action should be deferred on such changes of substance until we had seen the results of both the federal and provincial commissions of enquiry, and had consultations with the provinces. That is still the situation.

Excise Tax Act

In regard to the Excise Tax Act, I have had many representations on the present exemptions from the sales tax, and proposals for new exemptions. I have considerable sympathy with a number of these proposals; their implications, however, raise still further problems of equity, and consequential changes. It is my belief that we must make a thorough review and revision of the sales tax as soon as possible after we have received the views of the Royal Commission on Taxation. I intend that it should be given priority and my department has already put in hand preparatory work to enable them to get ahead with the review quickly once we know what the commissioners' conclusions are. In the meantime, I do not propose to put forward any proposals for amendments in this Budget.

Drugs

There has been much concern expressed about the high prices of drugs in Canada and proposals made that they should be exempt from the sales tax, which has always applied to them. The government has considered these representations but does not wish to act on them until the matter has been considered by the special Committee of the House on Food and Drugs.

Some hon. Members: Shame.

Mr. Gordon: Hon. Members across the way are making remarks but I would remind them that this is a Committee of the House on which I am sure some of them are important members. If the Committee comes to the conclusion that, as part of a comprehensive and effective program to reduce the prices of drugs, they should be exempt from the sales tax, I would expect to see this done in a special statute covering all the measures required to give effect to the program, and I am quite sure the hon. Member for Halton (Mr. Harley), who is Chairman of this Committee, will see it proceeds with this very important matter just as expeditiously as it can.

Tax Cut

I come finally, Mr. Speaker, to the question of what should be the general weight of our taxation in this coming year and, if it should be altered, what should be the amount and form of the change. I have already given the House the highlights of the economic situation, which are set forth in detail in the White Paper. From this it is evident that we have enjoyed an excellent rate of economic expansion in the last few years, and our situation now is good, though not completely satisfactory.

Looking ahead we foresee a further advance this year over 1964. However, we must plan to accommodate a rapid increase in our labour force this summer and in the next several years. We need to assure the market demand to put it to work productively. At the beginning of 1966, within this fiscal year, the commencement of the payment of contributions into the Canada and Quebec Pension Plans will exercise some restraining influence on the growth of consumer expenditure, which may not be fully offset by increased capital spending by the provinces or their agencies out of moneys from the Pension funds.

Our budgetary position for the last fiscal year came close to a balance in our normal accounting terms, and showed a sizeable surplus in terms of the economic accounts. For this new fiscal year our budgetary accounts will not be quite so close to a balance, because of changes already authorized by Parliament or proposals already placed before you. In terms of our national economic accounts, however, the federal budget will be a restraining influence this year unless we make some further changes.

• (9:20 p.m.)

Accordingly, after weighing up these considerations and the advice I have received from many quarters—including business men, trade unions, academic circles and the Review of the Economic Council—I believe this budget should be an expansionary one. To achieve this affect we should reduce moderately the weight of our taxation.

In choosing the nature and form of the reduction, I have been influenced by the fact that we are expecting to make a thorough revision of our tax structure after receiving the report of the Royal Commission and discussing the whole situation with the provinces. While we can count on none of our taxes being unaffected by such a revision, I have concluded that we should leave both the sales tax and the Corporation income tax largely as they are pending this review. Consequently we propose to concentrate the reduction in the personal income tax.

Some hon. Members: Hear, hear.

Mr. Nowlan: Wait till you hear it before you cheer.

Mr. Gordon: Those who pay this tax provide a very important part, indeed the largest single part, of federal government revenues. I am happy to recognize here their essential contribution in the last few years toward bringing the budget under control. I also recognize the very natural feeling among people generally that taxes should be kept as low as possible. As Minister of Finance, I am happy that the present budget provides an opportunity to carry out that most desirable objective.

We have chosen a form of reduction that will not reduce provincial revenues, nor be too complicated for the typical taxpayer to apply in making out his return. In determining the amount of the reduction I have had to consider the condition of the budget and the economic consequences of the change. There is no precise mathematical formula that can be applied in our present situation. It must be a matter of judgment.

Taking all these factors into account, I propose, Mr. Speaker, that effective from the first of July we make a reduction of our federal tax equal to 10 per cent of the basic tax payable under our personal income tax law, subject to a maximum reduction of $600 per year.

Mr. Diefenbaker: Just under one cent a day.

[Mr. Gordon.]

Mr. Gordon: In most provinces this basic tax equals the total income tax payable to the federal and provincial governments combined. After allowing for the abatements from the basic tax in favour of the provinces, the reduction in the federal tax will be about 12½ per cent, except for the higher incomes.

[*Translation*]

The amount of this tax reduction will be the same for all persons having the same taxable income. This means that people residing in the province of Quebec, for example, will benefit from tax cut just as much as people in all other parts of Canada. This is as it should be.

[*Text*]

The direct effect of this tax reduction would be to reduce our revenues by about $170 million this fiscal year and by about $265 million in a full year. The amount retained by individuals as personal disposable income —that is "take-home pay"—will be correspondingly increased. As a result, we can expect the rate of private expenditure to increase by nearly this amount, and there should be secondary effects which ultimately should increase the rate of Gross National Product by something more than the amount of the tax reduction.

Apart from these effects upon private expenditures, I believe that this substantial cut in personal taxes will encourage and stimulate our working force—including those in management and the professions—upon whose efforts our prosperity and progress depend. This is one of the main reasons for concentrating the whole amount of the reduction on the personal income tax.

Since this tax reduction is being deliberately made to achieve these economic effects, I would not expect provincial governments to move in to raise their income taxes to take advantage of our action. If we in Parliament are to manage the nation's economic affairs properly we must be able and prepared to take action of this kind from time to time, both in putting taxes down and in putting them up when the occasion demands it. The larger the share of the provinces and municipalities in the total public revenues of the country, the larger must be the proportionate change in our own taxes necessary to achieve the objectives of fiscal management.

The particular form of this tax cut should be regarded as provisional until we have com-

pleted the basic review of our structure that is under way. I would expect that by 1967 we will enact a new schedule of tax rates and make a number of modifications in the base of the tax.

I would like to insert in *Hansard* here tables showing the effects of the tax cut on the annual tax payable by taxpayers at various income levels.

Mr. Speaker: Does the house agree?

Some hon. Members: Agreed.

[*Editor's Note: The tables above referred to are as follows:*]

TO ILLUSTRATE PROPOSED PERSONAL INCOME TAX REDUCTION
(Single Taxpayer with no Dependants)

	Tax for 1965 before reduction		Tax reduction in a full year		
Income	Combined federal and provincial tax	Federal tax only	Amount of reduction	% of combined federal and provincial tax	% of federal tax only
$	$	$	$	%	%
2,000	99	78	10	10.0	12.7
3,000	236	186	24	"	"
4,000	403	318	40	"	"
5,000	591	467	59	"	"
7,500	1,154	912	115	"	"
10,000	1,795	1,418	180	"	"
15,000	3,520	2,781	352	"	"
20,000	5,645	4,460	565	"	"
30,000	10,195	8,054	600	5.9	7.4
50,000	20,333	16,063	600	3.0	3.7
100,000	49,295	38,943	600	1.2	1.5

The "Combined federal and provincial tax" shown for 1965 before tax reduction includes provincial tax computed at the rate of 21% of basic tax. The "Federal tax only" is after deducting the abatement of 21% in accordance with current federal-provincial arrangements.

The old age security tax is not included in the taxes shown.

In calculating these taxes it has been assumed that taxpayers with incomes under $10,000 deduct only the optional standard deduction of $100 but that taxpayers with incomes of $10,000 or greater deduct charitable donations and eligible medical expenses which aggregate 2½% of their income.

TO ILLUSTRATE PROPOSED PERSONAL INCOME TAX REDUCTION
(Married Taxpayer with no Dependants)

Income	Tax for 1965 before reduction		Tax reduction in a full year		
	Combined federal and provincial tax	Federal tax only	Amount of reduction	% of combined federal and provincial tax	% of federal tax only
$	$	$	$	%	%
3,000	99	78	10	10.0	12.7
4,000	236	186	24	"	"
5,000	403	318	40	"	"
7,500	918	725	92	"	"
10,000	1,505	1,189	151	"	"
15,000	3,120	2,465	312	"	"
20,000	5,195	4,104	520	"	"
30,000	9,695	7,659	660	6.2	7.8
50,000	19,783	15,628	600	3.0	3.8
100,000	48,645	38,430	600	1.2	1.6

The "Combined federal and provincial tax" shown for 1965 before tax reduction includes provincial tax computed at the rate of 21% of basic tax. The "Federal tax only" is after deducting the abatement of 21% in accordance with current federal-provincial arrangements.

The old age security tax is not included in the taxes shown.

In calculating these taxes it has been assumed that taxpayers with incomes under $10,000 deduct only the optional standard deduction of $100 but that taxpayers with incomes of $10,000 or greater deduct charitable donations and eligible medical expenses which aggregate 2½% of their income.

TO ILLUSTRATE PROPOSED PERSONAL INCOME TAX REDUCTION
(Married Taxpayer with Two Dependent Children Eligible for Family Allowance)

Income	Tax for 1965 before reduction		Tax reduction in a full year		
	Combined federal and provincial tax	Federal tax only	Amount of reduction	% of combined federal and provincial tax	% of federal tax only
$	$	$	$	%	%
3,000	33	26	3	10.0	12.7
4,000	152	120	15	"	"
5,000	301	238	30	"	"
7,500	786	621	79	"	"
10,000	1,349	1,066	135	"	"
15,000	2,880	2,275	288	"	"
20,000	4,925	3,891	493	"	"
30,000	9,395	7,422	600	6.4	8.1
50,000	19,453	15,367	600	3.1	3.9
100,000	48,255	38,121	600	1.2	1.6

The "Combined federal and provincial tax" shown for 1965 before tax reduction includes provincial tax computed at the rate of 21% of basic tax. The "Federal tax only" is after deducting the abatement of 21% in accordance with current federal-provincial arrangements.

The old age security tax is not included in the taxes shown.

In calculating these taxes it has been assumed that taxpayers with incomes under $10,000 deduct only the optional standard deduction of $100 but that taxpayers with incomes of $10,000 or greater deduct charitable donations and eligible medical expenses which aggregate 2½% of their income.

[Mr. Gordon.]

Mr. Gordon: It will be seen that in a full year the federal tax for a single person with an income of $3,000 will be reduced from $186 to $162, that is, by $24; for a married man with two children and an income of $5,000, the reduction will be $30 a year; for a married man without children having an income of $10,000, the reduction will be $151 a year.

I would also like to include two tables showing how the prospective Canadian income tax for 1966, including the Old Age Security Tax the Canada Pension Plan contributions and the provincial income tax in Ontario, as an example, would compare with the United States income taxes including social security contributions and the State income tax in New York. It must be recognized that the comparison in any individual case will be affected substantially by the deductions which can be claimed under the tax laws of the two countries. In the United States deductions are permitted for state taxes paid, mortgage interest, etc., which will vary from person to person. The deductions used for the comparisons in these tables are set forth in the footnotes.

[*Editor's Note: The tables referred to above are as follows:*]

COMPARISON OF PERSONAL INCOME TAXES IN CANADA AND THE UNITED STATES
(Single taxpayer with no dependants)

	Canada—taxes at rates proposed for 1966				U.S.A.—taxes at rates for 1966 in present law			
Income	Federal income tax	Provincial income tax	O.A.S. tax and C.P.P. contribution	Total taxes	Federal income tax	State income tax (New York)	Social Security tax	Total taxes
$	$	$	$	$	$	$	$	$
1,000	—	—	7	7	14	—	41	55
2,000	65	24	61	150	161	16	83	260
3,000	156	57	119	332	329	43	124	496
4,000	266	97	177	540	500	70	165	735
5,000	390	142	199	731	671	106	198	975
7,500	762	277	199	1,238	1,168	203	198	1,569
10,000	1,185	431	199	1,815	1,742	334	198	2,274
15,000	2,323	845	199	3,367	3,170	706	198	4,074
20,000	3,726	1,355	199	5,280	4,838	1,190	198	6,226
30,000	7,148	2,447	199	9,794	8,885	2,190	198	11,273
50,000	14,853	4,880	199	19,932	18,242	4,190	198	22,632
100,000	36,864	11,831	199	48,894	45,333	9,190	198	54,721

The taxes shown for each country are the federal income tax, the provincial or state income tax and the federal social security charge. The federal income tax shown for Canada is the tax in all provinces except Quebec. The provincial income tax is the provincial income tax in any province except Quebec, Manitoba or Saskatchewan. The state income tax is the New York State income tax. In the United States thirty-five states impose income taxes.

In calculating the Canadian taxes it has been assumed that taxpayers with incomes under $10,000 deduct only the optional standard deduction of $100 but that taxpayers with incomes of $10,000 or greater deduct charitable donations and eligible medical expenses which aggregate 2½% of their income. The Canadian federal income tax is after the proposed reduction of 10% of basic tax with a maximum of $600.

In calculating the United States taxes it has been assumed that taxpayers with incomes of $10,000 or less deduct only the optional standard deduction. This is 10% of income with a minimum of $300 for single taxpayers and a maximum of $1,000. It was also assumed that taxpayers with incomes in excess of $10,000 use the optional standard deduction for purposes of their state income tax and for federal tax purposes deduct charitable donations, eligible medical expenses, mortgage interest, property taxes, etc., which aggregate 5% of their income and in addition deduct their state income tax.

The old age security tax in Canada is 4% of taxable income with a maximum of $120 and the Canada Pension Plan contribution is 1.8% of income in excess of $600 with a maximum of $79.20. The social security tax in the United States for 1966 as provided in the present law is 4.125% of adjusted gross incomes with a maximum of $198 and this has been used in the above table. However, the Budget Message of the President on January 25, 1965, recommended that this be increased to 4.25% with a maximum of $238 for 1966.

COMPARISON OF PERSONAL INCOME TAXES IN CANADA AND THE UNITED STATES
(Married taxpayer with no dependants)

	Canada—taxes at rates proposed for 1966				U.S.A.—taxes at rates for 1966 in present law			
Income	Federal income tax	Provincial income tax	O.A.S. tax and C.P.P. contribution	Total taxes	Federal income tax	State income tax (New York)	Social Security tax	Total taxes
$	$	$	$	$	$	$	$	$
1,000	—	—	7	7	—	—	41	41
2,000	—	—	25	25	56	—	83	139
3,000	65	24	79	168	200	10	124	334
4,000	156	57	137	350	354	37	165	556
5,000	266	97	195	558	501	67	198	766
7,500	606	220	199	1,025	915	163	198	1,276
10,000	993	361	199	1,554	1,342	283	198	1,823
15,000	2,059	749	199	3,007	2,363	639	198	3,200
20,000	3,429	1,247	199	4,875	3,452	1,115	198	4,765
30,000	6,768	2,327	199	9,294	6,087	2,115	198	8,400
50,000	14,435	4,748	199	19,382	13,189	4,115	198	17,502
100,000	36,370	11,675	199	48,244	36,057	9,115	198	45,370

The taxes shown for each country are the federal income tax, the provincial or state income tax and the federal social security charge. The federal income tax shown for Canada is the tax in all provinces except Quebec. The provincial income tax is the provincial income tax in any province except Quebec, Manitoba or Saskatchewan. The state income tax is the New York State income tax. In the United States thirty-five states impose income taxes.

In calculating the Canadian taxes it has been assumed that taxpayers with incomes under $10,000 deduct only the optional standard deduction of $100 but that taxpayers with incomes of $10,000 or greater deduct charitable donations and eligible medical expenses which aggregate 2½% of their income. The Canadian federal income tax is after the proposed reduction of 10% of basic tax with a maximum of $600.

In calculating the United States taxes it has been assumed that taxpayers with incomes of $10,000 or less deduct only the optional standard deduction. This is 10% of income with a minimum of $400 for joint returns of married taxpayers and a maximum of $1,000. It was also assumed that taxpayers with incomes in excess of $10,000 use the optional standard deduction for purposes of their state income tax and for federal tax purposes deduct charitable donations, eligible medical expenses, mortgage interest, property taxes, etc., which aggregate 5% of their income and in addition deduct their state income tax. It was further assumed that taxpayers take advantage of the income splitting provision in the federal tax law.

The old age security tax in Canada is 4% of taxable income with a maximum of $120 and the Canada Pension Plan contribution is 1.8% of income in excess of $600 with a maximum of $79.20. The social security tax in the United States for 1966 as provided in the present law is 4.125% of adjusted gross income with a maximum of $198 and this has been used in the above table. However, the Budget Message of the President on January 25, 1965 recommended that this be increased to 4.25% with a maximum of $238 for 1966.

It will be noted that the combined Canadian levy is below that in the United States throughout for single persons. For married persons the Canadian combined levies are less up to a level of about $17,000 a year; above that level the effect of "income splitting" for husband and wife in the United States puts their tax slightly lower than ours.

It must of course be borne in mind that these are comparisons of levies on personal incomes only, and there are many other taxes in both countries which have to be taken into account in comparing the total weight of taxation. On the whole, however, after this tax cut, income taxes and social security contributions based on income will be less in Canada than in the United States. This means there will be no inducement from an income tax point of view for young Canadians to move to the United States or to continue to live there rather than in Canada.

This major tax cut of $265 million a year, together with the other changes outlined, will alter our revenues for this new fiscal year directly and also indirectly by reason of their effect on the economy. I would expect the Gross National Product for 1965 as a whole to increase over 1964 by slightly more than the approximate figure of 7 per cent I mentioned earlier. Taking this and direct effects of tax changes into account, we estimate that our revenues for this fiscal year should be about $7,350 million. Our expenditures I have forecast at $7,650 million. This

[Mr. Gordon.]

will leave a deficit in terms of our public accounts of approximately $300 million.

Taking all our expected non-budgetary receipts and disbursements into account, we would anticipate a total cash requirement, for other than transactions in government securities, or changes in our foreign exchange reserves, of $525 million.

In terms of our national economic accounts the federal government's revenue and expenditure transactions would show a modest surplus of $152 million. Given the economic and fiscal prospects for the year ahead, I think this outcome of the budget is about right.

In conclusion, Mr. Speaker, may I emphasize that our national finances have been brought under control; our national economy is moving ahead in a satisfactory way; and we are now able to lead from strength.

The times call for an expansionary approach in our financial and economic affairs. Consequently this is a growth budget. It expresses the determination of the government to give a lead in achieving our national potential. It is intended as a challenge to Canadians in all provinces to share in the great future that can be ours.

RESOLUTIONS

CANADA DEVELOPMENT CORPORATION

Resolved: That it is expedient to introduce a measure to establish an investment corporation, to be known as the Canada Development Corporation, to provide through savings by Canadians a supplementary large-scale source of financing where substantial sums of equity capital are required for the initiation or expansion of larger enterprises in Canada and for facilitating, in the case of offers to purchase or sell shares of such enterprises, the acquisition of such shares by Canadian residents rather than non-residents; to authorize the issue by the Corporation to Canadian residents, at an initial issue price of five dollars per share, of shares of the Corporation the total number of which outstanding at any time shall not exceed two hundred million; to authorize the Government of Canada to underwrite the issue of shares of the Corporation, and at its discretion to invest in shares of the Corporation on its own account not exceeding in number ten per cent of the total number of issued and outstanding shares of the Corporation, the amount of which underwriting commitment, together with the total amount invested by the Government of Canada in shares of the Corporation, shall not exceed two hundred and fifty million dollars; to authorize the Government of Canada to make loans to or purchase debentures of the Corporation to an aggregate amount not exceeding one hundred million dollars and to sell to the Corporation the holdings of Canada of shares of certain Crown corporations; and to provide further for other necessary and incidental matters relating to the establishment of the Corporation, its objects and powers, and its management, operation and control.

THE CUSTOMS ACT

Resolved, that it is expedient to amend the Customs Act by:

1. Striking out subsection (1) of section 22 and substituting the following:

22. (1) Unless the goods are to be warehoused in the manner by this Act provided, the importer shall, at the time of entry,

(a) pay or cause to be so paid, all duties upon all goods entered inwards; or

(b) in the case of goods entered in accordance with the terms and conditions prescribed by regulations made under subsection (3), present in respect of the duties upon such goods a bond, note or other document as prescribed by such regulations;

and the collector or other proper officer shall, immediately thereupon, grant his warrant for the unlading of such goods, and grant a permit for the conveyance of such goods further into Canada, if so required by the importer.

2. Adding to section 22 the following subsection:

22. (3) The Governor in Council may make regulations prescribing

(a) the terms and conditions upon which goods may be entered into Canada free of any requirement that the importer shall, at the time of entry, pay or cause to be so paid all duties on the goods so entered inwards; and

(b) the terms and conditions of any bond, note or other document presented upon the entry of such goods in respect of the duties thereon.

3. Striking out subsection (1) of section 35 and substituting the following:

35. (1) The value for duty of goods imported shall be determined in accordance with the provisions of sections 36 to 41A.

4. Striking out all that portion of subsection (2) of section 35 preceding paragraph (a) and substituting the following:

35. (2) In this section and sections 36 to 41A, with reference to any goods,

5. Adding immediately after section 37 the following section:

37A. Where the Governor in Council is satisfied, on a report from the Minister, that the application of subparagraph (i) of paragraph (e) of subsection (2) of section 36 or subsection (3) of section 36 is inequitable in that it results in discrimination against the importation of goods of a class from any country, as compared with the importation of goods of that class from any other country, the Governor in Council may prescribe the manner in which the value for duty of goods of that class, as determined under section 36 or 37, shall be reduced; but the value for duty of any imported goods upon being reduced as provided in this section shall not be less than an amount equal to the cost of production of the goods plus such amount for gross profit as is deemed reasonable by the Governor in Council.

6. Adding immediately after section 41 the following section:

41A. In the case of any imported goods that

(a) were shipped indirectly to Canada from the country of origin through one or more other countries; and

(b) would, but for this section, be valued for duty under sections 36 to 40B at less than the value for duty of such goods would be if the country of export were the country of origin;

the goods shall, notwithstanding subsection (1) of section 36, upon such terms and conditions as to shipment, documentation, warehousing, transshipment or the like as the Governor in Council may prescribe, be valued for duty as if they were imported direct from the country of origin at the time they were first shipped from that country.

7. Striking out section 79 and substituting the following:

79. Subject to subsection (1) of section 22, no person shall make, nor shall any officer accept, any bond, note or other document for the purpose of avoiding or deferring the actual payment of duties legally accruing on goods imported into Canada, or arrange for deferring payment of such duties in any way, unless such goods are entered for warehouse, and duly deposited therein according to the laws and regulations governing the warehousing of such goods.

8. Adding to section 104 the following subsection:

104. (1a) Where goods, the property of the government of a country other than Canada, that were imported into Canada free of duty or at a rate lower than that to which they would otherwise be liable, are sold or otherwise disposed of on behalf of the government of such country in accordance with an agreement between the governments of such country and Canada, such goods shall be charged with duties payable at such rate as may be determined by the Minister.

CUSTOMS TARIFF

1. Resolved, that the *Customs Tariff* be amended by adding thereto, immediately after section 16 thereof, the following section:

17. (1) The Governor in Council, by order, may from time to time amend

(*a*) Schedules A to C, and

(*b*) any lists of articles or goods the duties on which are removed or reduced pursuant to any Act or any order in council under the Customs Act or this Act.

by renumbering the items set out in Schedules A to C or in any such list but not so as to affect the status of any of those items with respect to the payment of duty.

(2) On and after the coming into force of an order under subsection (1) a reference by its former number in any Act or in any statutory or other instrument or document to any item renumbered by that order shall, unless the context otherwise requires, be construed to be a reference to that item as renumbered by the order.

(3) The Minister of National Revenue may, from time to time by publication in Part I of the Canada Gazette, give notice of any change required to be made, by virtue of an order under subsection (1), in any reference in any Act or in any statutory or other instrument or document to an item renumbered by the order where the reference thereto is by the former number.

2. Resolved, that Schedule A to the *Customs Tariff* be amended by striking out tariff items 209*e*, 210*i*, 263*e*, 384, 440*m*(1), 440*n*(1), 445*z*, 541*a*(2) and 695*c*, and the enumerations of goods and the rates of duty set opposite each of those items, and by inserting therein the following items, enumerations of goods and rates of duty:

Tariff Item	—	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget		
					British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
209e	Potassium chloride (Applicable to December 31, 1966)	Free	Free	25 p.c.	Free	Free (Applicable to December 31, 1965)	25 p.c.
210i	Sodium hypochlorite in solution (Applicable to December 31, 1966)	15 p.c.	20 p.c.	30 p.c.	15 p.c.	20 p.c. (Applicable to December 31, 1965)	30 p.c.
263e	Compounds of tetramethyl lead, in which tetramethyl lead is the preponderant constituent by weight (Applicable to December 31, 1966)	12½ p.c.	12½ p.c.	25 p.c.	12½ p.c.	12½ p.c. (Applicable to December 31, 1965)	25 p.c.
384	Skelp, plate, sheet or strip of iron or steel, hot- or cold-rolled, for use in the manufacture of pipes or tubes	Free	7½ p.c.	15 p.c.	Free 5 p.c. 5 p.c.	7½ p.c. 10 p.c. 15 p.c.	15 p.c. 20 p.c. 25 p.c.
388	Foundry moulding snap flasks and jackets for use therewith	Free	Free	35 p.c.	10 p.c. Various	22½ p.c. Various	35 p.c. Various

Tariff Item	——	British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff	Rates in Effect Prior to Rates Proposed in this Budget: British Preferential Tariff	Most-Favoured-Nation Tariff	General Tariff
440m	Aircraft, not including engines, under such regulations as the Minister may prescribe:						
	(1) When of types or sizes not made in Canada....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, 1966	Free	15 p.c.	27½ p.c.	Free	15 p.c. (on and after July 1, 1965)	27½ p.c.
440n	Aircraft engines, when imported for use in the equipment of aircraft:						
	(1) When of types or sizes not made in Canada....	Free	Free	27½ p.c.	Free	Free	27½ p.c.
	on and after July 1, 1966	Free	15 p.c.	27½ p.c.	Free	15 p.c. (on and after July 1, 1965)	27½ p.c.
445z	Parts for use in the manufacture or repair of electric dry shaving machines for use in removing human hair or of rectifier converters used in conjunction therewith....	Free	Free	10 p.c.	Free	Free	10 p.c.
					15 p.c.	22½ p.c.	Various
541a	Yarns and rovings, including threads, cords and twines, wholly or in part of vegetable fibres, n.o.p., not containing silk, wool or hair, man-made fibres or filaments nor glass fibres or filaments:						
	(2) Linen yarns for weaving, knitting or braiding into fabrics.....	Free	Free	25 p.c.	Free	Free	25 p.c.
					12½ p.c.	17½ p.c.	25 p.c.
					15 p.c.	20 p.c.	25 p.c.
695c	Original sculptures and statuary, including the first twelve replicas made from a sculptor's original work or model; all the foregoing the professional productions of sculptors only and valued at not less than seventy-five dollars each.....	Free	Free	Free	Free	Free	Free
695e	Hand-woven tapestries, suitable only for use as wall hangings, valued at not less than twenty dollars per square foot.....	Free	Free	Free	25 p.c.	27½ p.c.	55 p.c.

3. Resolved, that Schedule B to the *Customs Tariff* be amended by inserting therein the following item, enumeration of goods and rate of drawback of duty:

Item No.	Goods	When Subject to Drawback	Portion of Duty (not including Special Duty or Dumping Duty) Payable as Drawback
1010	Knitted netting.	When used in the manufacture of shapes for women's or children's headgear.....	99 p.c.

4. Resolved, that Schedule C to the *Customs Tariff* be amended by striking out item 1220 and the enumeration of goods set opposite that item, and by inserting therein the following item and enumeration of goods:

1220 Offensive weapons, as defined in the Criminal Code:

This item does not affect in any manner:

(*a*) arms, implements or munitions of war, army, naval and air stores, and any articles deemed capable of being converted thereinto or made useful in the production thereof, imported under permit issued by the Minister of National Revenue pursuant to regulations made by the Governor in Council under section 279 of the Customs Act;

(*b*) firearms imported by a person who holds a permit in Form 43 or Form 44, issued with respect thereto, under section 94 of the Criminal Code;

(*c*) shotguns and rifles of the standard or auto-loading type imported for sporting use only;

(*d*) antique articles eligible for entry under tariff item 693 (i) or tariff item 693 (iii), and bona fide collectors' items, as determined by the Minister;

(*e*) arms, military stores and munitions of war eligible for entry under tariff item 708 or tariff item 708*b*; or

(*f*) arms, military stores, munitions of war or offensive weapons exempted from the provisions of this item by a regulation of the Governor in Council in any particular case or class of cases.

5. Resolved, that Schedule C to the *Customs Tariff* be amended by inserting therein the following item and enumeration of goods:

1221 (1) Issues of a periodical, one of the four immediately preceding issues of which, if such preceding issue is dated after September 30, 1965, has, under regulations prescribed by the Governor in Council, been found to be an issue of a special edition, including a split run or a regional edition, that contained an advertisement that was primarily directed to a market in Canada and that did not appear in identical form in all editions of that issue of that periodical that were distributed in the country of origin.

(2) Issues of a periodical, one of the four immediately preceding issues of which, if such preceding issue is dated after September 30, 1965, has, under regulations prescribed by the Governor in Council, been found to be an issue, more than 5 per cent of the advertising space in which consisted of space used for advertisements that indicated specific sources of availability in Canada, or specific terms or conditions relating to the sale or provision in Canada, of any goods or services, except where the indication of such sources of availability or such terms or conditions was primarily directed to persons outside Canada.

For the purposes of this item,

(a) "issue" includes a special annual issue, and

(b) "periodical" means a periodical, the issues of which, other than special annual issues, are published at regular intervals of more than 6 days and less than 15 weeks and are distributed as issues of a distinct publication or as a supplement to more than one newspaper, but does not include

(i) a catalogue,

(ii) a newspaper, or

(iii) a periodical, the principal function of which is the encouragement, promotion or development of the fine arts, letters, scholarship or religion.

6. Resolved, that any enactment founded upon resolutions 2, 3 and 4 of the foregoing resolutions shall be deemed to have come into force on the 27th day of April, 1965, and to have applied to all goods mentioned in the said resolutions imported or taken out of warehouse for consumption on or after that day, and to have applied to goods previously imported for which no entry for consumption was made before that day.

7. Resolved, that any enactment founded upon resolution 5 of the foregoing resolutions shall come into force on the 1st day of January, 1966, and shall apply to all goods mentioned in the said resolution imported or taken out of warehouse for consumption on or after that day, and shall apply to goods previously imported for which no entry for consumption was made before that day.

INCOME TAX ACT RESOLUTION

Resolved that it is expedient to introduce a measure to amend the Income Tax Act and related provisions of the Federal-Provincial Fiscal Arrangements Act and to provide among other things:

1. That for the 1966 and subsequent taxation years the income tax payable by an individual be reduced by an amount equal to the lesser of 10 per cent of basic tax or $600 and for the 1965 taxation year by an amount equal to the lesser of 5 per cent of basic tax or $300.

2. That for the 1965 and subsequent taxation years a taxpayer may deduct in computing his taxable income an amount for the support of a person who was his niece or nephew and who during the year resided in Canada, was wholly dependant upon him for support, and was

(a) under 21 years of age,

(b) 21 years of age or over and dependant by reason of mental or physical infirmity, or

(c) 21 years of age or over and in full time attendance at a school or university,

if

(d) the mother of the niece or nephew was divorced or separated and not in receipt of alimony or similar payments, or

(e) the father of the niece or nephew was deceased or mentally or physically infirm, not exceeding $300 if the person was a child qualified for family allowance and $550 if he was not so qualified.

3. That for the 1965 and subsequent taxation years a taxpayer may deduct in computing his taxable income an amount not exceeding $550 expended by him during the year for the support of a person who was his aunt or uncle and who during the year resided in Canada and was dependant upon him for support by reason of mental or physical infirmity.

4. That for the 1970 and subsequent taxation years the additional exemption of $500 now allowed to a taxpayer who has attained the age of 65 years be allowed only if the taxpayer has attained the age of 70 years and that for the taxation years 1966 to 1969 inclusive a taxpayer who has attained the age of 65 years but has not attained the age of 70 years be allowed the additional exemption of $500 only if he did not receive a pension under the Old Age Security Act in respect of any month in that year.

5. That for the 1965 and subsequent taxation years a taxpayer who deducts in computing his income from an office or employment

(a) annual dues to maintain membership in a trade union or to maintain membership in an association of public servants,

(b) annual dues retained from his remuneration pursuant to the provisions of a collective agreement aid paid to a trade union or association, or

(c) annual professional membership dues the payment of which was necessary to maintain a professional status recognized by statute,

shall not by reason of such deduction be ineligible to deduct the standard deduction of $100 described in paragraph (ca) of subsection (1) of section 27 of the Act.

6. That for the 1966 and subsequent taxation years a person, the spouse of such person residing with him and previously resident in Canada, or any dependant child of such person, shall be deemed to have been resident in Canada throughout a taxation year if such person was at any time in the year performing services in a country other than Canada under a prescribed international development assistance program of the Government of Canada, and was resident in Canada during a part of the year preceding the commencement of such services.

7. That for the 1966 and subsequent taxation years a contribution made by a person under the Canada Pension Plan or under a provincial pension plan as defined in section 3 of the Canada Pension Plan may be deducted in computing the income of such person.

8. That for the 1965 and subsequent taxation years the limitation on the amount related to earned income that a taxpayer may deduct as a premium under a registered retirement savings plan be increased from 10 per cent of earned income to 20 per cent of earned income.

9. That for the 1965 and subsequent taxation years such part of any amount that would otherwise be included in computing income of a taxpayer as a retiring allowance be deductible if it is paid in the year, or within 60 days after the end of the year, as a contribution to a registered pension fund or plan, as a premium under a retirement savings plan, or to a trustee under a deferred profit sharing plan.

10. That there may be deducted in computing the income of a taxpayer an amount in respect of an outlay or expense made by the taxpayer in the 1965 and subsequent taxation years

(a) to a person with whom the taxpayer is dealing at arms length and who is the lessee of property owned by the taxpayer, to obtain the cancellation of a lease on such property,

(b) for landscaping property used by the taxpayer for the purpose of gaining or producing income,

(c) for clearing land or laying tile drainage for the purpose of carrying on a farming business,

(d) as or on account of the cost of making representations to a government, municipality or other public authority in connection with a business carried on by the taxpayer, including representations for the purpose of obtaining a license, permit, franchise, or trademark,

(e) as or on account of the cost incurred in investigating the suitability of a site for a building or other structure planned by the taxpayer for use in connection with a business carried on by him.

11. That for the 1965 and subsequent taxation years a corporation shall be deemed to be resident in Canada throughout a taxation year if

(a) it was incorporated in Canada before April 27, 1965 and was resident in Canada in its taxation year that included April 26, 1965 or in any subsequent taxation year, or

(b) it was incorporated in Canada after April 26, 1965.

12. That with respect to payments received by a taxpayer after April 26, 1965, other than a payment made upon the death of an employee, the amount that a taxpayer may elect to have taxed under section 36 of the Act shall not exceed

(a) in the case of a single payment

(i) out of or pursuant to a superannuation or pension fund or plan, or

(ii) pursuant to deferred profit sharing plan, or

(iii) pursuant to an employee's profit sharing plan,

$1,500 times the number of years during which the employee, in respect of whom the payment was made, was a member of the plan, or

(b) in the case of

(i) a single payment upon retirement of an employee in recognition of long service, or

(ii) a payment or payments made by an employer to an employee or former employee upon or after retirement in respect of loss of office or employment

$1,000 times the number of years during which the employee, in respect of whom the payment was made, was an employee of the employer who made the payment.

13. That for taxation years commencing after April 26, 1965, a trust or estate (other than a trust or estate arising on death) that has income from a business carried on by it in Canada may not deduct in computing its income an amount paid or payable to a beneficiary who is

(a) a non-resident of Canada,

(b) a non-resident-owned investment corporation, or

(c) another trust or estate resident in Canada, unless that other trust or estate

(i) arose on a death, or

(ii) has been since April 26, 1965 a beneficiary of the trust or estate paying the amount and the trust or estate paying the amount has been carrying on the business since April 26, 1965, and any amount paid or payable out of the income for the year of the first-mentioned trust or estate will continue to be included in the income of its beneficiary notwithstanding the fact that the first-mentioned trust or estate was not entitled to deduct the amount in computing its income.

14. That for the 1965 and subsequent taxation years the amount of income derived from a new mine that a corporation may exclude in computing its income shall be confined to income from the operation of the mine by the corporation.

15. That where a joint exploration corporation acquires after April 26, 1965 a right, licence or privilege to explore for, drill for or take petroleum, natural gas or other related hydrocarbons, the cost of the right, license or privilege may not be renounced to a shareholder corporation.

16. That for the 1965 and subsequent taxation years an amount that a taxpayer may exclude from his income because it is consideration for a mining property acquired as the result of his efforts as a prospector, or as the result of efforts of a prospector who was employed or financially assisted by him, shall not include a share of profits, a royalty or a payment based on production.

17. That the Minister of National Revenue with the approval of the Governor in Council may on behalf of the Government of Canada enter into an agreement with the government of a province, under which one government undertakes to transfer to the other, in respect of income tax paid by an individual from whom deductions were made at source as though he were resident in a place other

than the province in which he was resident on the last day of the year, a part of the amount deducted or withheld under section 47 of the Act or a similar provision of a provincial income tax act.

18. That in order to give effect to the provisions of paragraph 1 without reducing the amount of equalization payments to any province a consequential amendment be made to the Federal-Provincial Fiscal Arrangements Act to adjust the fractions set out therein in the definition of "standard individual income tax" used in the computation of equalization payments.

19. That a new section be added to the Act concerning expenditures of a taxpayer for advertising space in a non-Canadian newspaper or periodical having effect substantially as follows:

"12A. (1) In computing income, no deduction shall be made in respect of an otherwise deductible outlay or expense of a taxpayer for advertising space in an issue of a non-Canadian newspaper or periodical dated after December 31, 1965 for an advertisement directed primarily to a market in Canada.

(2) An issue or edition of an issue of any newspaper or periodical that is edited in whole or in part in Canada and printed and published in Canada and that was not on April 26, 1965 a Canadian newspaper or periodical shall be deemed, for the purposes of subsection (1), not to be an issue of a non-Canadian newspaper or periodical if

(a) throughout the period of twelve months ending April 26, 1965 issues or editions of issues of that publication were being edited in whole or in part in Canada and printed and published in Canada at the usual intervals for issues of that publication and have since that date continued to be so edited, printed and published without interruption except for a reason other than the cessation of the business of publishing that publication; and

(b) in the case of a periodical, the periodical is similar, in content and in respect of the class of readers to whom it is directed, to the issues or editions of that periodical that were throughout the period of twelve months ending April 26, 1965 being edited in whole or in part in Canada and printed and published in Canada.

(3) Subsection (1) does not apply with respect to an advertisement in a special issue or edition of a newspaper that is edited in whole or in part and printed and published outside Canada if such special issue or edition is devoted to features or news related primarily to Canada and the publishers thereof publish such an issue or edition not more frequently than twice a year.

(4) Subsection (1) does not apply with respect to an advertisement in

(a) a catalogue, or

(b) any publication the principal function of which is the encouragement, promotion or development of the fine arts, letters, scholarship or religion.

(5) In this section,

(a) 'Canadian issue' means,

(i) in relation to a newspaper, an issue, including a special issue,

(A) the type of which, other than the type for advertisements or features, is set in Canada,

(B) the whole of which, exclusive of any comics supplement, is printed in Canada,

(C) that is edited in Canada by individuals resident in Canada, and

(D) that is published in Canada, and

(ii) in relation to a periodical, an issue, including a special issue,

(A) the type of which, other than the type for advertisements, is set in Canada,

(B) that is printed in Canada,

(C) that is edited in Canada by individuals resident in Canada, and

(D) that is published in Canada,

but does not include an issue of a periodical

(E) that is produced or published under a license granted by a person who produces or publishes issues of a periodical that are printed, edited or published outside Canada, or

(F) the contents of which, excluding advertisements, are substantially the same as the contents of an issue of a periodical, or the contents of one or more issues of one or more periodicals, that was or were printed, edited or published outside Canada;

(b) 'Canadian newspaper or periodical' means a newspaper or periodical the right to produce and publish issues of which belongs to or is vested in

(i) a Canadian citizen,

(ii) a partnership of which at least $\frac{3}{4}$ of the members are Canadian citizens and in which interests representing in value at least $\frac{3}{4}$ of the total values of the partnership property are owned by Canadian citizens,

(iii) an association or society of which at least $\frac{3}{4}$ of the members are Canadian citizens,

(iv) Her Majesty in right of Canada or a province, or a municipality in Canada, or

(v) a corporation

(A) that is incorporated under the laws of Canada or a province,

(B) of which the chairman or other presiding officer and at least ¾ of the directors or other similar officers are Canadian citizens, and

(C) of which, if it is a corporation having share capital, at least ¾ of the shares having full voting rights under all circumstances, and shares representing in the aggregate at least ¾ of the paid-up capital, are owned by Canadian citizens or by corporations other than corporations controlled directly or indirectly by citizens or subjects of a country other than Canada; and

(c) 'issue of a non-Canadian newspaper or periodical' means an issue that is not a Canadian issue of a Canadian newspaper or periodical."

• (9:30 p.m.)

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I think it can be truly said of this budget tonight that never have so many words been used to say so little as have been used by the Minister of Finance (Mr. Gordon) during the last hour and a half. There will be more disappointed people in Canada when they hear over the radio the news of the alleged tax cuts than have been disappointed since they were at the horse races when they were kids 15, 20 or 25 years ago. We were told and believed that we could expect some tax cuts. What did we get? My amateur mathematicians over here have been working out tables for me.

Mr. Pearson: They are amateur, all right.

Mr. Nowlan: They are so extreme that one would hardly dare to use them. A single person, for instance, with this massive $265 million a year income tax reduction, earning $3,000 a year will, according to one figure which I have checked casually, have a tax reduction of 7½ cents a day. A person with $2,000 a year income will have a tax reduction of 2¾ cents a day; and you could go on and on. With regard to a married person with two dependants and $3,000 a year, his taxes will be reduced by $3 per annum, or 25 cents a month.

Mr. Hales: Peanuts.

Mr. Nowlan: That, I would think, would be a two-bit reduction by the two-bit boys on the other side of the House. This is not what we were led to believe. This is not what the country expects nor what the country wants today. I do not intend, of course, Mr. Speaker, to analyse the various proposals which have been brought before us tonight. Undoubtedly there are some very minor things included in the chaff with which we have been fed, and I would want some time before dealing with them. We will be doing that, I hope, in the relatively near future. In the few minutes left tonight I just want to sketch one or two of the outlines which I think are important. One of the most important defects in this alleged budget is the failure of the Minister to deal with the sales tax on not only building materials but at least on production machinery. This, Mr. Speaker, can hardly be anything but a deliberate omission on the part of the Minister of Finance, who had to retreat so far and so long and so fast on his first budget that he is determined to hold on to some vestige of that budget so he can show posterity that all of it was not scrapped. All of it should be scrapped and he would be a better Minister of Finance if it were scrapped.

Talk about tax reduction. Talk about income tax reduction. The President of Chemcell at the annual meeting last week said that if that tax was not repealed or changed, his company, with over 50 per cent of its products being exported, would have to pay a surcharge, as he called it, of over $1 million a year. That is one company in the export business that will be paying this amount of money because of the tax on production machinery and equipment. Sir, that is one thing that should have been dealt with. I will go into it at greater length on another occasion; but I want to emphasize that I think the country naturally expected something of that kind to be done, perhaps not with regard to the sales tax on all building materials, although that would have been desirable, but certainly with regard to the sales tax on the equipment and supplies going into production. This is something that I think would do more to develop and take the check off the economy than anything else that could have been done, and here the Minister absolutely refuses, apparently—although I am quite sure there was a great deal of pressure and argument brought to bear upon him—to do something that should have been done. For some reason he did not do this.

Another glaring omission in the budget, of course, is the failure to deal in any way with the problem of education. This is one of the fundamental problems with which this country is concerned; one which obviously, as we know, comes under provincial jurisdiction but

one in which the Federal Government, as I have said and we have said on this side of the House time and time again, must take a greater responsibility and greater activity. Yet there is no mention of that in the budget.

Mr. Speaker, one could go on listing the omissions. I have just jotted down rough notes as we went along and I will develop some of those later on.

• (9:40 p.m.)

Mr. Winkler: What about public utilities?

Mr. Nowlan: Somebody said something about public utilities. That is not mentioned in the Budget; but it is a comparatively minor detail compared with the failure to deal with production machinery and equipment.

We also heard a great deal about the Canada Development Corporation. It seems to me that we heard a great deal about that two years ago. Was that not to be taken care of in the 60 days of decision? Were we not to have then a Canada Development Corporation?

An hon. Member: It was talked out.

Mr. Nowlan: Talked out? It was talked out and laid threadbare by hon. gentlemen opposite. They talked and talked and talked. We were going to have a billion dollar Canada Development Corporation, and to get it they are going to transfer the assets of the Polymer Corporation, which has been built into a very successful enterprise. This is to provide the foundation capital. This is something we should like to discuss. We are told that the resolution will be before us in the immediate future and we want to know more about it.

In his speech the Minister outlined various matters which he stated were responsible for the great development of this country during the past two years. But, Mr. Speaker, the Minister is in a wonderful position. He could never make a worse speech than the first speech which he made, which was filled with material which had to be changed. However, I thought he was doing very well tonight; but then he slipped back to his old partisanship and started talking about the development over the last two years. The white paper which has been issued by the Department of Finance—not written by the whiz kids this time, but by his departmental officials—has a very significant first sentence which explains the great developments which have been taking place in Canada during the past few years. "In terms of economic development the year 1964 was a remarkable one," and I think we will all agree with that. "As we were often reminded in 1964, Canada was in the fourth year of a cyclical upswing whose length in itself was unusual." That was in 1964. Then, 1963 was the second year, 1962 the third year and 1961 was the fourth year. There were four years. Do you remember, Mr. Speaker, 1962 and the election? The economy of Canada was going down the drain, they said. The Diefendollar was being circulated around; there was a wave of hysteria which swept the country, and the whole thing multiplied in 1963. The whole confidence of the financial world hon. gentlemen opposite attempted to shatter. Now they say that this state of affairs has been going on for four years, and the reason Canada has made the progress it has during the last year—and it has become cumulative—is because the Government opposite for the most part had the brains to follow the policies which we laid down and which became effective in 1961.

Then the Minister, not wanting to give devaluation as one explanation for the progress which had been made, went ahead and listed a large number of new policies. I will not go into them all but I see there is a $500 bonus for building houses which the Minister said is one of the great boosters of our Canadian economy. We charge $800 by way of additional sales tax for building a house and then take $500 off if that house is built in the wintertime.

Then we have this massive assistance to the Provinces by way of the building of vocational training schools. I ask, who started that? We spent hundreds of millions of dollars developing training schools, vocational schools and technical schools in this country. True, the present Government has carried on that program, but this is a program which we inaugurated.

When I have more time, Mr. Speaker, to glance over these items I will be able to deal with them in greater detail, but let me point out that the Minister said casually that our costs were less than those of any other country in the world except the United States. Mr. Speaker, the Government headed by my right hon. friend, the then Prime Minister, when we were sitting on the other side of the House had even less costs than any other country in the world including the United States. It does not make much difference, however, if our costs are lower than those of Timbuktu or some other countries. The fact is that we have as our greatest competitor for markets

and production the United States of America, and our costs must be kept equivalent to theirs. As the Minister said this evening, our costs have gone, not out of control but they are greater than they are in the United States. We do not reduce corporation taxes one cent to face competition from the United States. Yet our costs are higher. I would suggest that the Minister had better reread the Annual Review issued by the Canada Economic Council and see how we have to keep down our costs and increase production in order to achieve by 1970 the goals we must meet.

There are various matters in the speech of the Minister, Mr. Speaker, which I could deal with, but I think it would be better if I dealt with them in a more organized way rather than go from one subject to another.

Some hon. Members: Hear, hear.

Mr. Nowlan: Well, I have plenty of time but I want to deal with them in an organized way. I might say that when I get to them I do not think hon. Members on the other side of the house will be cheering. I could go ahead, but, after all, in order to sift the chaff—and it was largely chaff that the Minister of Finance spread into the atmosphere here for an hour and 35 minutes—I should like to take a little time, so that I may be a little more succinct and able to analyse the items properly and fairly, rather than make a casual judgment. There must be some matters, Mr. Speaker, which are worthy of comment, possibly even worthy of a word of commendation to the Minister and the Government, so may I move the adjournment of the debate.

On motion of Mr. Nowlan the debate was adjourned.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow the House will be asked to continue consideration of the resolution preceding a measure to provide for the retirement of Senators upon attaining the age of 75 years. Then when that is concluded we will consider item No. 10 on today's Order Paper, the motion standing in the name of the Minister of Justice to provide for the setting up of a Joint Committee of the Senate and the House of Commons to consider the state of penitentiaries; and item No. 5 on today's Order Paper, the resolution having to do with national housing.

On motion of Mr. McIlraith the House adjourned at 9.50 p.m.

APPENDIX "A"

TABLES REFERRED TO IN BUDGET SPEECH
FEDERAL GOVERNMENT REVENUES AND EXPENDITURES PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

	1963–64	1964–65 estimate	1965–66 forecast before tax changes
	(millions of dollars)		
1. Budgetary revenue	6,253	7,136	7,525
2. Supplementary period adjustment[1]	−21	−10	29
3. Extra-budgetary revenues			
Old Age Security tax collections	747	956	1,143
Prairie Farm Assistance Act levy	9	10	10
Unemployment insurance employer-employee contributions	297	307	331
Government pension funds, employer-employee contributions	245	251	261
Interest receipts of social insurance and government pension funds	143	157	178
4. Corporate income tax[2]: excess (+) of accruals over collections	38	−137	−85
5. Profits before taxes (net of losses) of government business enterprises	207	244	244
6. Interest on loans, advances and investments	175	169	216
7. Less: Budgetary return on investments	−392	−380	−466
8. Less: Postal revenue	−201	−230	−246
9. Budgetary revenue items offset against budgetary expenditures[3]	−109	−112	−112
10. All other adjustments to budgetary revenue[4]	−44	−48	−145
11. Total revenue, national accounts basis	7,347	8,313	8,883

[1] In the national accounts, revenues in the supplementary period are shifted to the following fiscal year.
[2] Taxes on government business enterprises are excluded from this item and included in item 5.
[3] See also line 10, expenditure reconciliation.
[4] These adjustments are largely revenue items not relevant for the national accounts such as proceeds from sales of existing assets.

FEDERAL GOVERNMENT REVENUES AND EXPENDITURES PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

	1963–64	1964–65 estimate	1965–66 forecast before tax changes
	(millions of dollars)		
1. Budgetary expenditure	6,872	7,219	7,650
2. Supplementary period adjustment[1]	− 33	− 6	40
3. Expenditures of extra-budgetary funds			
Old Age Security Fund payments	808	889	906
Unemployment insurance benefits	366	332	337
Government pension fund payments	89	97	109
Prairie farm assistance payments	11	10	10
4. Transfers to extra-budgetary funds	− 66	− 63	− 62
5. Adjustment to place other government funds and crown agencies on a disbursement basis[2]	19	− 30	− 7
6. Budgetary expenditures offset against income of government business enterprises			
Post Office expenditures	−206	−211	−221
Deficits of government business enterprises	− 86	− 80	− 96
7. Capital assistance to non-defence industry[3]	− 60	− 77	− 70
8. Reserves and write-offs	−161	− 42	− 54
9. Budgetary revenue items offset against budgetary expenditure[4]	−109	−112	−112
10. All other adjustments to budgetary expenditure	109	55	110
11. Total expenditure, national accounts basis	7,553	7,981	8,540
12. Surplus (+) or deficit (−), national accounts basis	−206	+332	+343
13. Surplus (+) or deficit (−), budgetary basis	(−619)	(− 83)	(−125)
14. Total, national accounts basis	7,347	8,313	8,883

(1) In the national accounts, expenditures on goods and services in the supplementary period are split evenly between adjacent fiscal years. Other expenditure items are shifted entirely to the next fiscal year.

(2) This adjustment replaces budgetary appropriations to various funds and agencies by the outlays actually made by these funds and agencies.

(3) Government capital assistance to industry appears as part of business gross capital formation and is removed from the government sector to avoid double counting in the national accounts.

(4) The largest component of this item consists of revenue from sales of goods and services by the government sector. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

GOVERNMENT OF CANADA ACCOUNTS, NATIONAL ACCOUNTS BASIS, FISCAL YEAR PERIODS 1963-64—1965-66

	1963-64	1964-65 estimate	1965-66 forecast before tax changes
	(millions of dollars)		
A. Revenue			
1. Direct taxes, persons	2,254	2,635	2,696
2. Direct taxes, corporations[1]	1,385	1,500	1,615
3. Withholding taxes	126	143	148
4. Indirect taxes	2,516	2,907	3,194
5. Investment income	525	570	638
6. Employer-employee contributions to social insurance and government pension funds	541	558	592
7. Total	7,347	8,313	8,883
B. Expenditure			
1. Goods and services: defence	1,624	1,543	1,609
2. Goods and services: non-defence	1,384	1,538	1,745
3. Transfers to persons	2,143	2,262	2,362
4. Interest on the public debt	955	1,010	1,074
5. Subsidies	284	266	296
6. Transfers to other levels of government	1,163	1,362	1,454
7. Total	7,553	7,981	8,540
C. Surplus (+) or deficit (−)	−206	+332	+343

[1] Excludes taxes on government business enterprises. These taxes are included with government investment income.

BUDGET PAPERS

presented by

the Honourable Walter L. Gordon, M.P.,

Minister of Finance

for the information of Parliament

in connection with the Budget of 1965-1966

FOREWORD

The purpose of these Papers is twofold:

1. to present a general economic review of 1964, bringing together in one place and in convenient form some of the more comprehensive indicators of economic conditions prepared by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies, together with brief comments;

2. to present a preliminary review of the Government Accounts for the fiscal year ending March 31, 1965.

PART I

ECONOMIC REVIEW OF 1964

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The tables and charts in this Budget Paper are based upon estimates provided by the Dominion Bureau of Statistics, the Bank of Canada and other Government Agencies. Some of the figures appear for the first time; others have been published elsewhere. All 1964 estimates are preliminary and subject to revision.

ECONOMIC REVIEW FOR 1964

GENERAL

In terms of economic achievement, the year 1964 was a remarkable one. As we were often reminded, in 1964 Canada was in the fourth year of a cyclical upswing whose length in itself was unusual. This fourth year, however, was specially notable in the extent of the gains achieved in all major sectors. The total value of the production of goods and services advanced by about 9 per cent which was the largest year-to-year gain since 1956. Nor was this gain unduly inflated by price advances, as has been the case on occasions in the past at high levels of activity.

Moreover, the expansion was well-balanced, with consumers, investment and exports all contributing to the growth in demand, so that the economy at year-end was showing no signs of excesses or distortions. Most important of all, the level of unemployment was significantly reduced, particularly in the areas where it has been most serious for a number of years. This most welcome improvement occurred despite the fact that, mainly for demographic reasons, the Canadian labour force was expanding more rapidly in 1964 than in any year, save two, for which official statistics are available.

The advance in GNP excluding the farm sector was even larger than for total GNP, rising by about 10 per cent. The agricultural sector in 1964 enjoyed a year in which the weather was again kind, on the whole, and the harvest was good as measured by the long-term average. But a second successive grain crop of the magnitude of the mammoth 1963 harvest could not be expected, and accrued farm income as recorded in the national product accounts showed a decline in 1964. Farm cash income, however, was substantially higher in 1964 than in 1963, and the farm sector as a whole shared in the rising incomes and prosperity of the rest of the nation.

Higher employment levels and higher average earnings were reflected in the consumer expenditure pattern. Retail sales of all kinds have been brisk, but the most dramatic gains occurred in sales of consumer durable goods. About half the value of consumer durables bought in any year are new and used cars, and automobile sales in 1964 created new records in the course of the year.

During 1964, the number of marriages increased quite sharply. Net immigration was higher. More people were starting family life in Canada in 1964 than was the case in 1963, and more people were buying and moving into new houses. There was also an increase in the number of young people not yet married, who were setting up their own bachelor establishments in apartments for the first time. As might be expected, sales of furniture and other kinds of household durables rose considerably. Some people ran down their savings a little to finance these purchases, (even though total personal savings continued to increase substantially), while some others increased their instalment debt.

This was evidence of continued confidence in the outlook for jobs and income, confidence which appears to have been fully justified by events.

The economic highlight of the year 1964 was the dramatic revision made by the business sector in its capital investment expenditure plans. The first survey of investment intentions, published in February 1964, showed that the private sector expected to increase its capital outlays (excluding housing) at approximately the same rate of gain as that achieved over the preceding two or three years. By the time of the mid-year review, published in July, the business sector had revised its expectations very sharply upward, indicating that private investment totals for the year were expected to reach a level substantially higher than the original forecast.

The actual amount of capital outlays by the business sector in 1964 was close to the level forecast in the mid-year survey. The contribution made by investment expenditures to the economy was therefore strong, and was sustained through the year. These circumstances, and other evidence now becoming available on the outlook for business investment expenditure, indicate that private capital outlays have again become a dynamic element in the overall growth picture.

Following the developments in 1964, we may regard the continued announcements of further additions to capacity as having another significance. Expenditures on machinery and equipment bring quick returns to the economy, as this equipment is put into productive service very rapidly. These increases in productive capacity are then soon available to meet the rise in demand, stimulated by the investment process itself.

Federal government purchases of goods and services advanced only slightly in 1964, and have played a less important part in the current business expansion than has been the case in the past. This, to some extent, has been a reflection of the changes that have been taking place in defence expenditures. Provincial governments and municipalities have continued to increase their purchases of goods and services. Continued population growth requires additional construction of schools, hospitals, sewers, roads, and other forms of social capital, and also more people employed in education, health, and community services of all kinds.

Exports, of course, played a very important part in the general advance of 1964. Apart from the special wheat sales, there was steady growth in most of the major traditional exports, the products of our mines and forests. This was a reflection of continued strength in the foreign markets for our products. At the same time, there was a striking advance in some of the newer exports, especially manufactured goods. Exporters have been helped in this field not only by the lower value of the Canadian dollar in international markets since 1962, followed by relative cost and price stability, but also by increased use of export financing facilities. Much is due to the considerable enterprise and effort put into the expansion of foreign sales by Canadian producers in 1964.

Wheat exports, expanded by the special sales to Russia which took place through the winter and spring of 1963-1964, contributed substantially both to Canada's international reserves and to the general prosperity of the country. The cash income received by wheat producers as grain moved through commercial channels released funds for investment outlays in the farm sector, and also for some additions to consumption expenditure. Production and income in other sectors were thus affected by the export of wheat under the special contracts.

Imports also were higher in 1964. In any free and open economy, a rise in economic activity calls forth a demand for higher imports. This is particularly true of the Canadian economy, with its high degree of international specialization. The investment programme of 1964 naturally was accompanied by a rise in imports. The speedy installation of imported manufacturing equipment was an important factor in the expansion of production facilities to meet rapidly-growing demand. In this case as with many other products, the availability of imports at competitive prices acted to maintain price stability.

The international current account deficit was reduced further in 1964 to $453 million, despite the sharp rise in imports, as both wheat and non-wheat exports expanded substantially. Even if the entire amount of the exceptional wheat shipments to the Soviet Union were to be deducted from exports in 1963 and 1964, the current account deficits so computed would be of the order of $750 million in both years, a considerable improvement over earlier years, particularly when measured against rising incomes and heavy outlays on machinery and consumer durable goods, which typically have a large import content.

All of the recent improvement has been with overseas countries; the current account deficit with the United States widened considerably in 1964. In a subsequent section in this Review the broad pattern of financing our current account deficit is described. Briefly, the large current account deficit with the United States has, as usual, been covered only in part by a capital inflow from that country. The remainder has been covered by receipts from other countries, arising mainly from a surplus on current transactions, and from newly produced gold in Canada. On balance, over the postwar period, Canada has been a net provider of U.S. dollars to the United States economy.

Some modest upward movement in the various measures of price change continued in 1964. These movements are discussed and analysed in later pages of this Review. The section on prices points out that there are technical problems associated with the construction of some price indexes, which may perhaps have the effect of causing an apparent upward drift in the general level of measured prices, when it is by no means certain that true price increases have occurred.

Price movements are an essential element in a free and dynamic economy, inducing as they do the necessary movement of men and capital among industries, among occupations and among regions. In Canada, the distances between labour markets, together with the shortages of some kinds of skills, must always be recognized as a potential source of price strain as the margin of unemployed resources diminishes. However, to the extent it is possible to derive statistical proof, Canada appears fortunate in having a relatively high degree of mobility, with both labour and capital responding fairly readily to price and cost movements.

In this regard, and in other respects, it is therefore a fact of significance and for gratification that the greatest declines in unemployment which took place in 1964 were in the Atlantic provinces, Quebec and British Columbia. The margin of unemployment in Ontario and the Prairie provinces was of relatively small proportions at the beginning of 1964, and showed some improvement as the year wore on. Thus, the regions of high unemployment showed the most improvement over the year. Moreover, this improvement reflected not just a decline or stabilization of the labour force, but an important increase in the number of people with

jobs. This gives strong indication of overall and substantial improvement in the economies of these regions. These trends are encouraging, given our objective to attain maximum employment while maintaining the greatest possible degree of price stabilization.

Outlook for 1965

This record of a year of strength leads naturally to consideration of what may lie ahead. The evidence we have at present already suggests that the economy has moved into 1965 at continued high levels of activity, and there are indications that the present year will be one in which additional important economic gains are achieved in Canada.

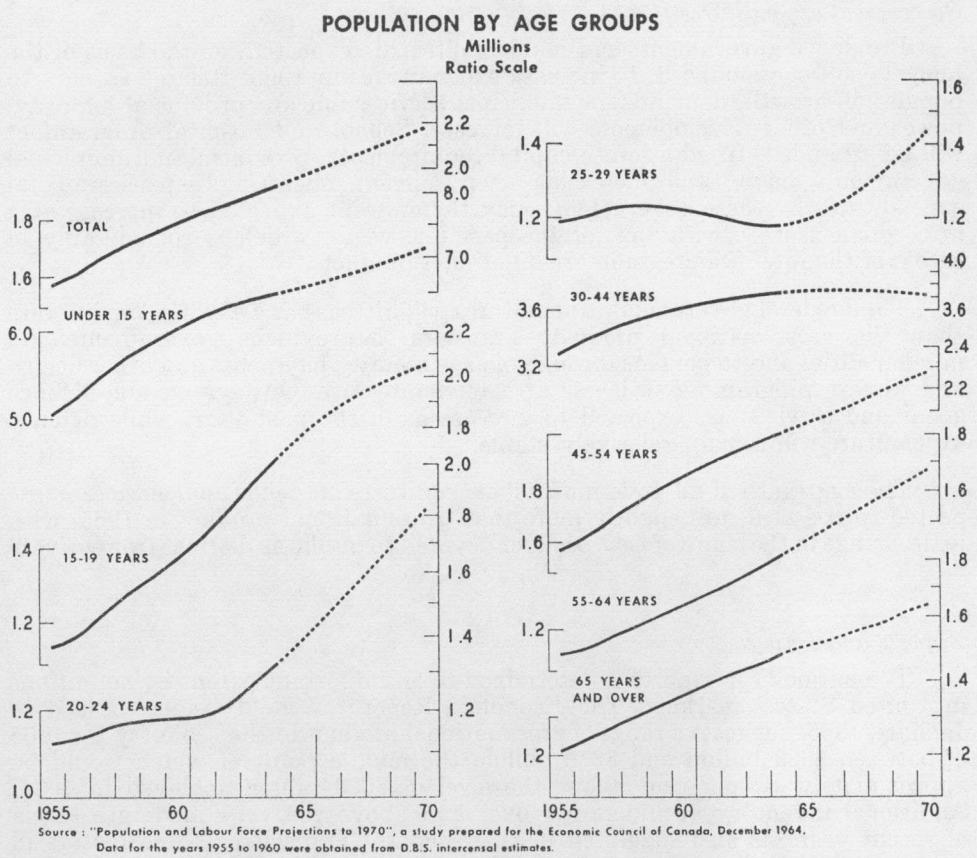
The outlook contains several significant elements of strength. Among these are the plans for continuing advance in capital expenditures in both the public and private sectors, and further increases in consumer expenditure in response to continued improvements in personal disposable income. The normal growth of government expenditures can be expected to continue. We cannot expect these elements of strength will be reinforced, as they were in 1964, by extraordinary gains in exports; nevertheless, exports should be well maintained by the favourable demand conditions prevailing in the United States and most of our overseas markets so that any decline which may occur in exports of wheat from the abnormal 1964 level should be offset by gains in exports of other kinds.

The Investment Outlook

The recent report on the investment outlook shows that total public and private investment in 1965 is expected to exceed that of 1964 by fourteen per cent. Therefore, it is now expected that 1965 will be the second successive year in which new capital formation has shown a strong tendency to expand from the relatively low levels which existed in earlier years. In those years public and private capital formation amounted to 22 per cent or less of gross national product, by contrast with the high figure of 27 per cent in 1957. If the forecast for 1965 is fulfilled, a level of capital formation equivalent to more than 24 per cent of gross national product will have been reached.

In addition to business capital requirements, which are discussed below, a large part of the current investment programme consists of housing and social capital. This is in part a consequence of the "population bulge". The number of young adults in the 20 to 24 and the 25 to 29 age groups will increase very rapidly during the next five years: by 31 per cent and 22 per cent respectively, compared with 18 per cent and a decline of 2 per cent over the past five years. These groups, in particular the 25-29 group, provide a large market for new housing, which in turn implies more schools and municipal services. Moreover, both age groups are important buyers of durable goods and can be expected to undertake substantial forward obligations at this time of life, in contrast to the relatively higher savings patterns that occur in middle age groups.

Businessmen in estimating future markets and providing the capital facilities necessary to produce the goods and services required by such markets are undoubtedly taking these and other factors into account. In addition, there are important new capital requirements for export markets. The domestic "infrastructure" of transport, power utilities and other services which are basic to the continued development of industry will also require substantial amounts of



Source : "Population and Labour Force Projections to 1970", a study prepared for the Economic Council of Canada, December 1964.
Data for the years 1955 to 1960 were obtained from D.B.S. intercensal estimates.

capital formation. Some idea of the investment required by these basic industries can be obtained from the recent report on the investment outlook for the year 1965. Manufacturing industries have reported investment intentions over one-fifth higher than in the preceding year. Finance, real estate and commercial construction is expected to increase by as much as one-third over 1964. Transportation, electric power and other utilities, retail and wholesale trades and new residential construction are all expected to increase their fixed capital investments by one-tenth. It can be expected that businessmen will continue to add to their stocks of inventories more or less in line with the growth of commodity production. In recent years, inventories have been worked down to lower levels in relation to production and sales.

Consumer expenditure

Changes in the number of people in particular age groupings, as illustrated in the preceding chart, have important consequences for consumer durable goods purchases, for example in the sales of automobiles, appliances and other household goods. These purchases expanded rapidly in the past year, but without excesses occurring in productive capacity or deterioration in the quality of credit issued in connection with these purchases. A continuation of this expansion is expected in 1965, although at a somewhat less rapid rate. At least some of the demands that had accumulated earlier may have been met in the buoyant situation prevailing in 1964.

Government expenditures

Provincial governments and municipalities are expected, on the basis of the budgets so far announced, to increase expenditures in 1965. Related in part to population growth, demands for municipal services and for provincial highway, power and other developments will increase. School and hospital programmes will be expanded. In addition to capital requirements, provincial and municipal governments have been increasing their current operating expenses. Total expenditures by these governments may therefore be expected to increase at a rate commensurate with that of the past few years, which is considerably in excess of the rate of increase in gross national product.

Total federal government expenditures will increase at a slightly smaller rate than the gross national product. Transfers to provincial governments and municipalities and to persons through old age security payments and other health and welfare programmes will rise at a moderate rate. Outlays on non-defence goods and services are expected to increase as in the past year, while defence expenditure will remain relatively stable.

The aggregate of all governments' expenditures on goods and services is expected to rise at a rate slightly more than gross national product in 1965, with little change in the share of that product devoted to public as distinct from private uses.

Exports and Imports

The outlook for exports is determined to an important extent by conditions in United States' markets. The Economic Report of the President issued in January 1965, suggests a range of gross national product in that country for 1965 of between $650 billion and $670 billion, the middle point of which would be approximately six per cent above the level of $623 billion achieved in 1964. Additional inventory accumulation over and above the very moderate levels of recent years, is also suggested in that Report. Translating these factors in demand for Canadian exports on the basis of past relationships, a substantial improvement in exports to that country can be expected in the coming months.

There are, of course, several offsets to be expected in overseas markets. Wheat sales cannot be expected to be as high as they were last year when the special shipments to Russia took place, although sales to Eastern Europe and China are continuing. Exports to the United Kingdom will be affected by the measures recently imposed to deal with her balance of payments difficulties. The outlook in most European markets and Japan is, on the whole, favourable.

Taking all of the above factors into account, the expansive factors are expected to more than offset the anticipated declines in certain markets. On balance, however, we would expect a smaller increase in exports in 1965 than last year.

Imports will continue to increase. The closer the economy approaches limits of capacity in particular industries, the more it would be inclined to satisfy its needs from abroad, especially since another substantial increase is expected in investment in machinery and equipment, much of which is not produced in Canada. Offsetting these tendencies, of course, have been the continuing successes of Canadian producers in making inroads in new markets, both at home and abroad, through the development of new lines at competitive prices.

On balance, it would be prudent to expect some widening of the current account deficit in 1965, from the levels achieved in 1963 and 1964 when the massive sales of wheat had a substantial impact on the trade balance.

Demand and Supply

The sum of these demand factors is expected to give rise to a further substantial growth in gross national product, probably at a rate somewhat less than the exceptional rate of increase now known to have been achieved in 1964.

Productive capacities in general appear to be adequate to meet the probable demands. There may be some supply difficulties in specific localities and industries, which a high degree of mobility of both labour and capital would help to relieve. The labour force is expected to increase somewhat more rapidly than in the past year, as a result of the large number of new entrants in the younger age groups, many of whom will be coming on to the labour market next June. It is also expected that industrial productivity will continue to improve. In these circumstances of productivity improvement and high labour force growth, the increases in output required to meet the demands outlined above are clearly within the growing capacity of the economy. Indeed, the economy must continue to expand rapidly if all those who wish to obtain employment are to find jobs.

Conclusion

These pages have contained an assessment of the outlook for the various sectors of the economy in the year ahead. In each case, some further expansion of expenditures appears likely. Some sectors may grow more rapidly than others, and the overall picture is one of rising but not excessive outlays. Productive capacity, in terms of both labour and capital equipment, will be larger in 1965 than it was in 1964, so that the increase in demand will be accompanied by higher levels of domestic output. While the record gains of 1964 may not be matched, good progress can be expected in the months ahead. Within a framework of continued relative stability of cost and price levels generally, and with the expectation of continued strength in our foreign markets, the Canadian economy as a whole should move forward to new and higher levels of activity in 1965.

THE NATIONAL ACCOUNTS

National Income and Product

The Gross National Product is the most convenient measure of the country's production of goods and services as a whole. Gross National Product in 1964 rose more rapidly than in any previous year of the present upswing. Comparing 1964 with 1963, labour income, corporation profits and investment income advanced strongly. Details are set forth in Table 1 and are shown graphically in the charts on page 4.

The level of non-farm activity at the beginning of 1964 was already high, and a further substantial advance occurred during the first quarter. Gains during subsequent quarters were less marked but the advance continued throughout the year.

PER CENT CHANGES IN MAJOR INCOME COMPONENTS[1]

	3Q 1963 to 4Q 1963	4Q 1963 to 1Q 1964	1Q 1964 to 2Q 1964	2Q 1964 to 3Q 1964	3Q 1964 to 4Q 1964	1964 / 1963
Labour Income	8.4	10.2	6.5	10.5	7.2	8.7
Corporation Profits before taxes and before dividends paid abroad	24.8	39.4	−11.1	−8.2	46.1	14.6
Investment Income	10.8	3.0	4.0	−0.5	17.2	5.9
Net Income, non-farm unincorporated business	1.3	7.0	5.7	6.2	−4.9	4.7
Gross National Product	11.3	11.7	6.7	6.1	5.3	8.9

[1]Seasonally adjusted, and percentage changes expressed at annual rates.

As a result of these developments, the Gross National Product was 8.9 per cent higher than it was in 1963.

The gain in wages, salaries and supplementary labour income, which amounted to 8.7 per cent, was accounted for by higher employment and lower unemployment on the one hand, and by the continuing secular uptrend in wage-rates, on the other. Increases in total earnings were over 9 per cent in manufacturing and construction, and in the primary industries as a group they amounted to 6.6 per cent. In the service sector, earnings in finance and personal services rose by 12.5 per cent. Transportation, communication and other utilities, together with public administration, recorded gains of about 6 per cent.

The sustained strength in labour income has been accompanied by a generally higher level of profits. Corporation profits, before taxes and before payment of dividends to non-residents, were 14.6 per cent higher than they were in 1963.

TABLE 1

NATIONAL INCOME AND GROSS NATIONAL PRODUCT

(Seasonally adjusted at annual rates)

—	1963				1964			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Wages, salaries, and supplementary labour income	20,996	21,308	21,712	22,168	22,732	23,100	23,704	24,128
2. Military pay and allowances	560	608	596	628	572	576	584	600
3. Corporation profits before taxes	3,900	3,960	3,940	4,184	4,596	4,468	4,376	4,880
4. Deduct: Dividends paid to non-residents(1)	−608	−560	−596	−688	−684	−588	−680	−788
5. Rent, interest, and miscellaneous investment income	2,992	3,072	3,112	3,196	3,220	3,252	3,248	3,388
6. Accrued net income of farm operators from farm production(2)	1,720	1,708	1,664	1,808	1,372	1,680	1,432	1,404
7. Net income of non-farm unincorporated business(3)	2,448	2,440	2,496	2,504	2,548	2,584	2,624	2,592
8. Inventory valuation adjustment	−136	−312	−144	−188	−140	−292	88	−140
9. **National Income**	**31,872**	**32,224**	**32,780**	**33,612**	**34,216**	**34,780**	**35,376**	**36,064**
10. Indirect taxes less subsidies	5,572	5,308	5,640	5,752	6,140	6,340	6,500	6,344
11. Capital consumption allowances and miscellaneous valuation adjustments	4,996	5,140	5,160	5,392	5,512	5,580	5,596	5,740
12. Residual error of estimate	−280	−112	−192	−144	52	−16	−80	−132
13. **Gross National Product at Market Prices**	**42,160**	**42,560**	**43,388**	**44,612**	**45,920**	**46,684**	**47,392**	**48,016**
14. (Gross National Product at Market Prices excluding Accrued Net Income of Farm Operators)	(40,440)	(40,852)	(41,724)	(42,804)	(44,548)	(45,004)	(45,960)	(46,612)

(1) Includes the withholding tax applicable to this item.

(2) Includes an arbitrary smoothing of crop production and standard seasonal adjustments for withdrawals of grain from farm stocks and the change in livestock items. Because of the arbitrary elements, too precise an interpretation should not be given the seasonally adjusted figures of accrued net income of farm operators.

(3) Includes net income of independent professional practitioners.

The substantial gains recorded in non-farm income were offset slightly by a drop in net income of farm operators. The decline in farm income, which amounted to 14.7 per cent, was a reflection of the return to more normal crop levels in 1964 from the record prairie wheat harvest of 1963. The 1964 level of farm income, in itself, was rather higher than the average of the past decade.

It may be noted that the fall in net farm income recorded in Gross National Product did not reflect a fall of similar proportions in farm cash income. Net farm income in the National Accounts is calculated on an accrual basis, with the new crop being recorded as income when it is harvested. Also included in this item are the accrued net earnings arising out of the operations of the Canadian Wheat Board. Farm cash income, which represents the actual cash receipts of farmers (excluding some supplementary payments), rose from a total of $3,185 million in 1963 to $3,456 million in 1964, a rise of 8.5 per cent. This rise was partly due to the payments made by the Canadian Wheat Board to the farmers through the winter and spring months of 1963–64, as grain moved rapidly into commercial channels.

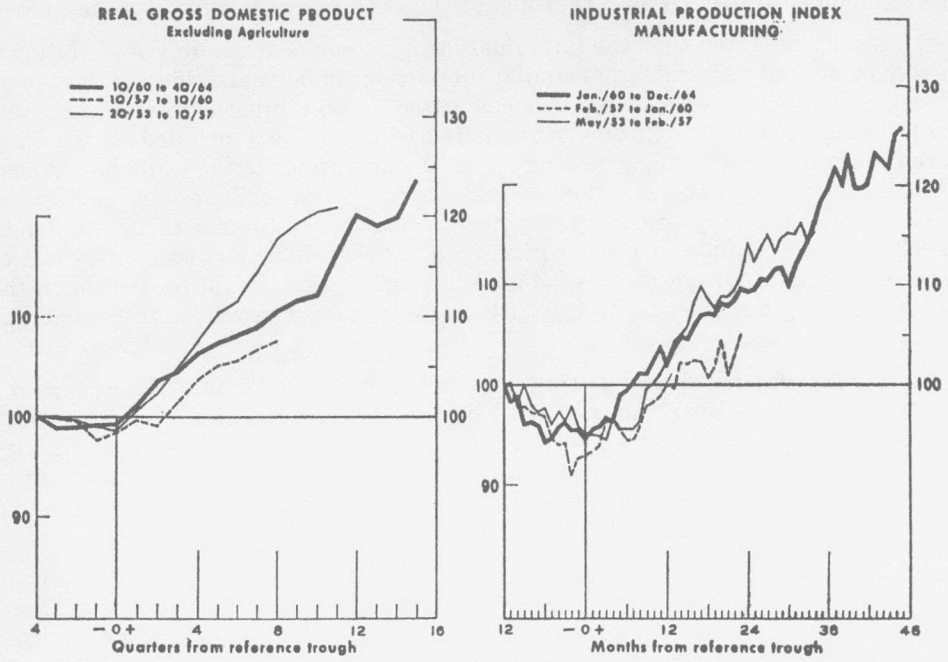
Total non-agricultural output in the economy, in volume terms, was 6.7 per cent higher in 1964 than in 1963. Sharp gains occurred in the transportation industries, which advanced by 10 per cent, reflecting the high level of activity in the handling and shipment of goods for export, particularly wheat. Output of the electric power and gas utilities, a useful guide to the level of industrial activity generally, was nearly 10 per cent higher.

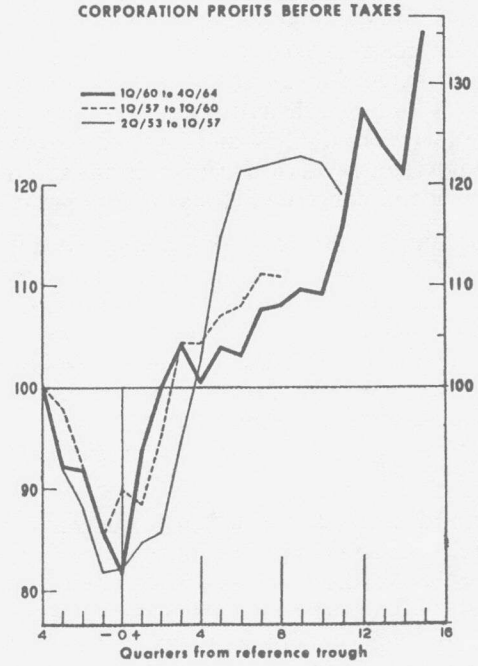
Among the goods-producing industries, forestry output recorded a gain of over 8 per cent. This was associated with a comparable rise in exports of forest products. Mining output rose by about 9 per cent, and manufacturing output by nearly 8 per cent. Because of the major part played by manufacturing in the economy, this gain accounted for about one-third of the aggregate increase in output. Much of the increase reflected a substantial gain in output of motor vehicles and parts, and expansion of iron and steel production. Output in the construction industry, which was heavily influenced by the winter housing incentive programme, was high in the first and fourth quarters of 1964 (on a seasonally adjusted basis) but at somewhat lower levels in the second and third quarters. For the year, the advance in construction was over 9 per cent.

The high levels of manufacturing output, and specifically the gains in output of automobiles and iron and steel products, give some indication of the growth which has occurred in the economy since 1961. Total manufacturing output of durable and non-durable goods rose by 30 per cent between the first quarter of 1961 and the fourth quarter of 1964. Production of durable goods rose by nearly 40 per cent during this period, with production of primary iron and steel being 72 per cent higher. The advance in output of motor vehicles which was curtailed due to strike conditions in the fourth quarter, had risen by 126 per cent by the end of the preceding quarter.

National income and product in the fourth quarter recorded further gains, giving final 1964 totals substantially higher than the 1963 levels. Such price movements as have occurred (discussed in greater detail below) have accounted for only a small part in the overall advance. The degree of soundness and strength revealed in the course of 1964, coming as it did in the fourth year of a cyclical expansion, was notable not only for this reason but also because the economy at year-end was exhibiting no significant signs of distortion. The generally balanced

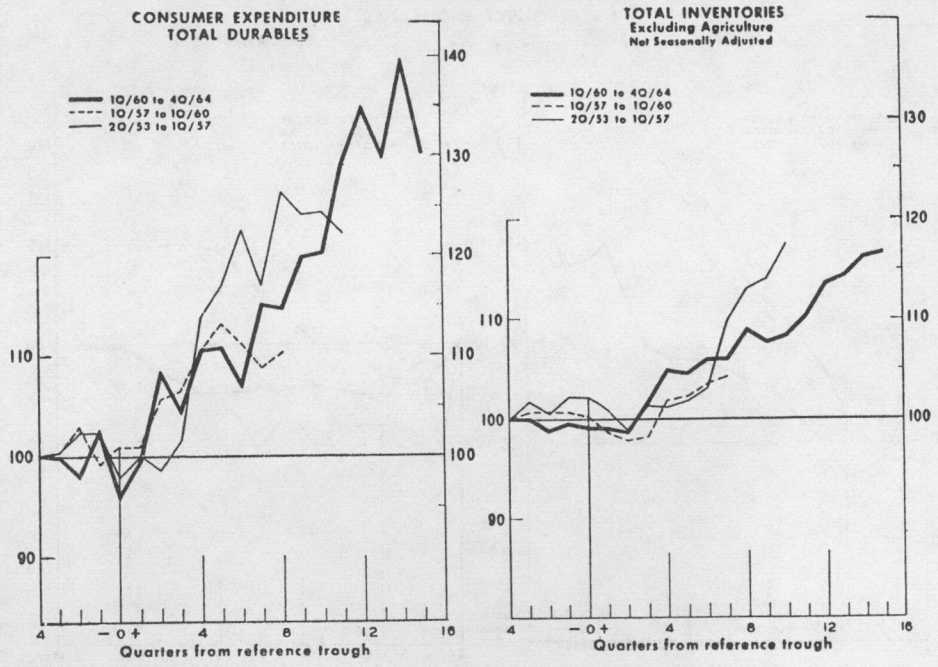
SELECTED ECONOMIC INDICATORS
CYCLE-ON-CYCLE SERIES
Previous Business Cycle Peak=100
Seasonally Adjusted

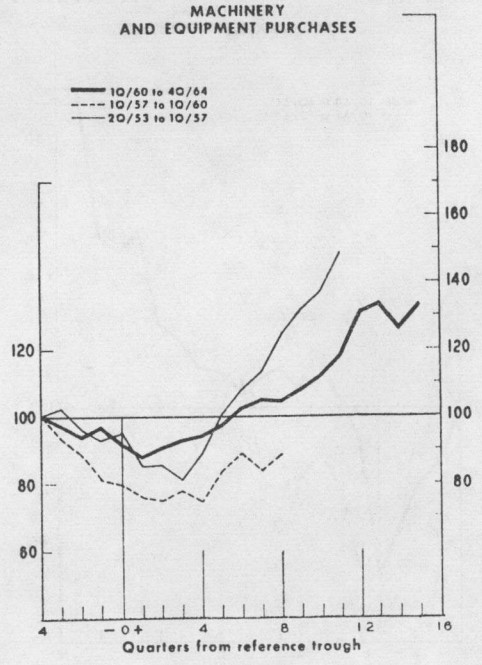




SELECTED ECONOMIC INDICATORS

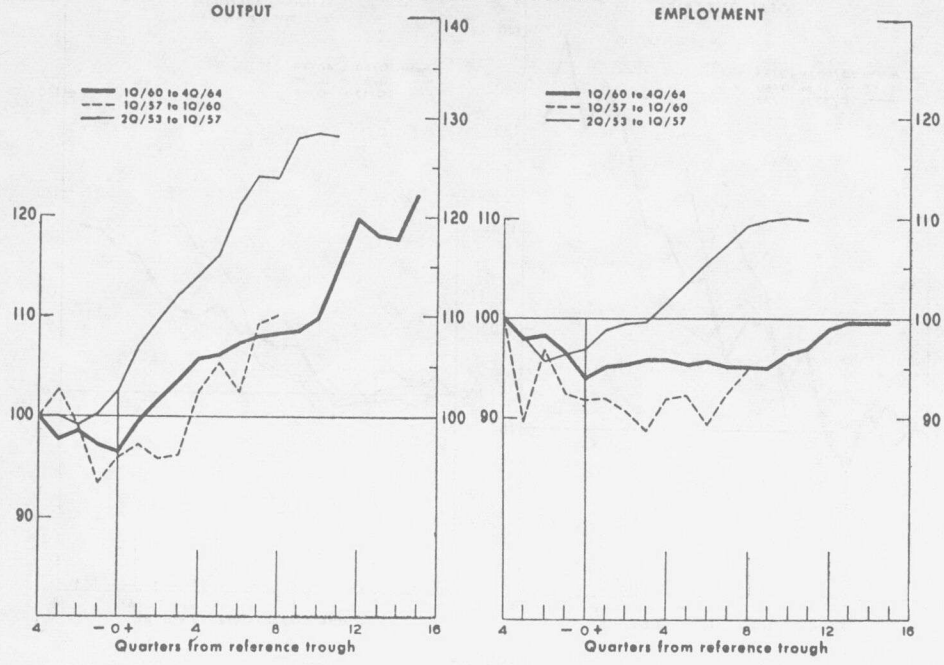
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Previous Business Cycle Peak=100
Seasonally Adjusted

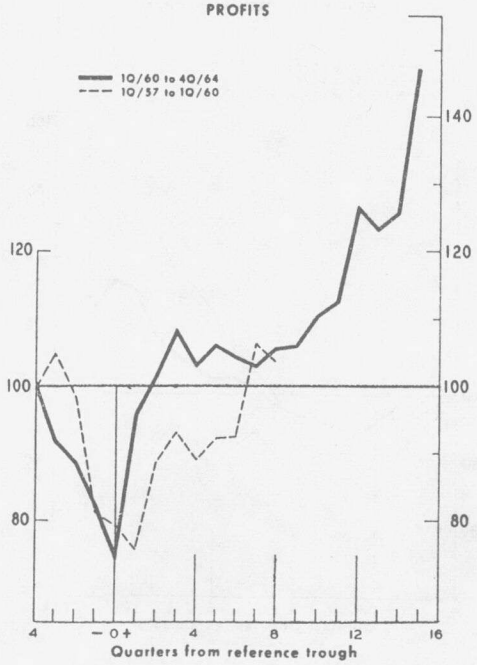




OUTPUT, EMPLOYMENT AND PROFITS

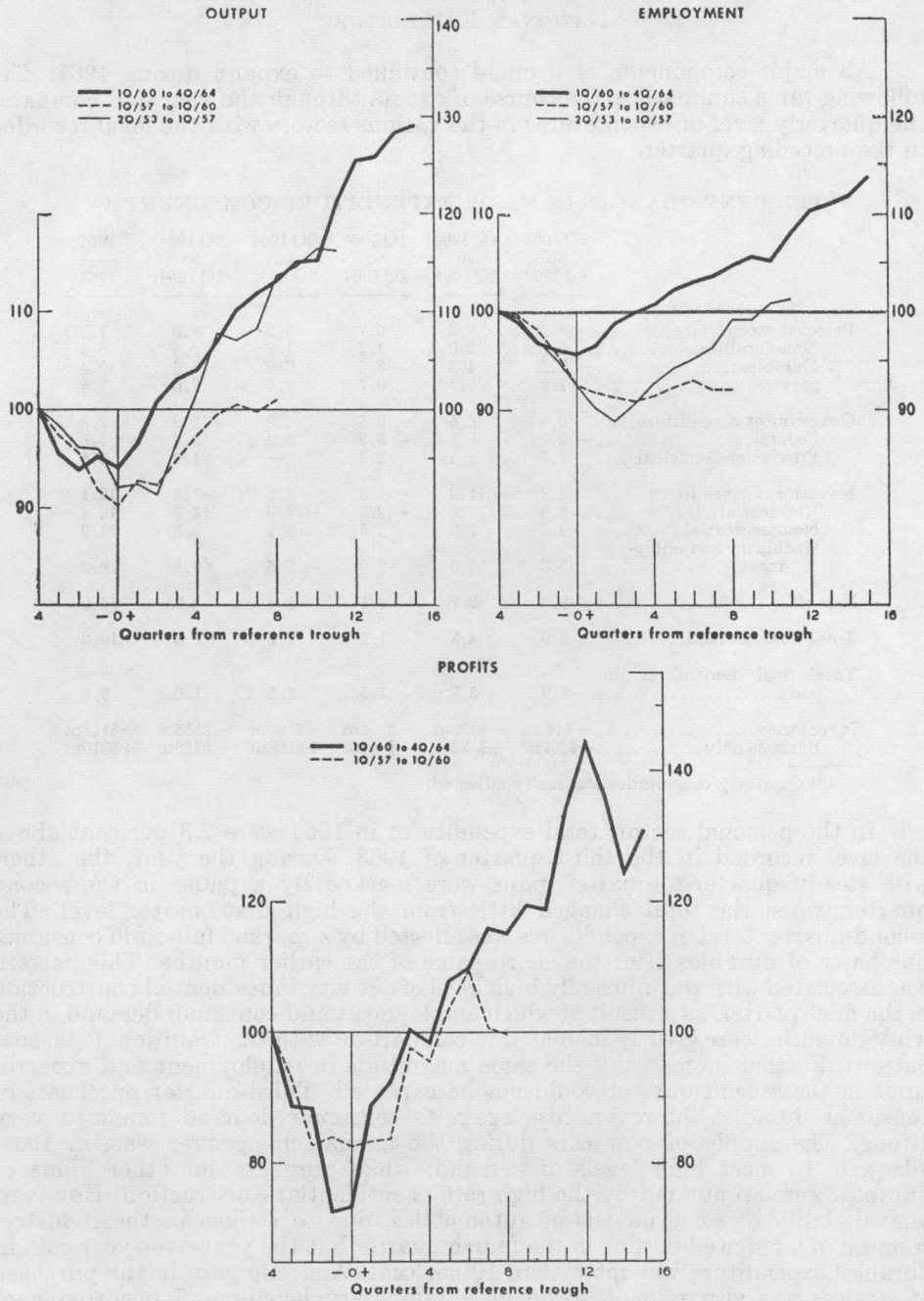
CYCLE-ON-CYCLE SERIES
Previous Business Cycle Peak=100
Seasonally Adjusted
I - RESOURCE INDUSTRIES





OUTPUT, EMPLOYMENT AND PROFITS

CYCLE-ON-CYCLE SERIES
Previous Business Cycle Peak=100
Seasonally Adjusted
II - SECONDARY MANUFACTURING INDUSTRIES



growth characteristic of the earlier part of the expansion continued through the year. Supply and capacity were, on the whole, able to meet the demands placed upon them. The 1964 developments on the expenditure side of the accounts are reviewed in the following section.

National Expenditure

All major components of demand continued to expand during 1964. The following table summarizes the course of events through the year and compares the quarterly level of expenditures in the various sectors with the level recorded in the preceding quarter.

PER CENT CHANGES IN MAJOR EXPENDITURE COMPONENTS[1]

	3Q 1963 to 4Q 1963	4Q 1963 to 1Q 1964	1Q 1964 to 2Q 1964	2Q 1964 to 3Q 1964	3Q 1964 to 4Q 1964	1964 / 1963
Personal expenditure	1.9	2.5	0.7	2.2	1.6	7.3
Non-durables	0.5	2.0	1.7	1.7	2.5	6.3
Durables	7.5	4.2	−3.5	7.2	− 6.6	10.4
Services	1.9	2.7	0.7	1.4	2.9	7.8
Government expenditure	0.1	5.5	− 0.5	0.2	2.9	7.3
Federal	− 2.7	8.1	− 5.2	0.7	− 0.7	3.5
Provincial-Municipal	1.7	4.0	2.3	—	4.9	9.4
Investment expenditure	4.3	11.3	− 1.3	− 1.2	7.6	18.1
Residential	5.8	18.8	−12.3	− 1.9	13.7	18.4
Non-residential	2.6	7.0	2.5	4.1	6.3	17.9
Machinery and equipment	5.0	9.6	2.0	− 5.5	5.5	18.2
Exports	8.2	2.7	6.1	1.4	− 3.3	15.0
Total final demand	3.0	4.3	1.1	1.2	1.8	10.2
Total final demand ex imports	2.9	3.7	1.6	1.5	1.6	9.6
Inventories	+ $44 m	−$120m	−$ 4m	−$ 60m	−$156m	−$111m
Business only	+$252m	+$ 72m	+$ 44m	+$188m	−$756m	+$310m

[1]Quarterly magnitudes seasonally adjusted.

In the personal sector, total expenditures in 1964 were 7.3 per cent above the level recorded in the third quarter of 1963. During the year, the otherwise steady quarter-to-quarter gains were marked by a pause in the second quarter, when the total changed little from the high first-quarter level. The second-quarter total of expenditures was affected by a marked fall-off in consumer purchases of durables after the sharp gains of the earlier months. This pattern was associated with the unusually high level of activity in residential construction in the first quarter, as a result of which employment and consumer demand in the winter months were greatly increased in comparison with the traditional seasonal pattern. Further increases of the same magnitude in employment and expenditures in the second quarter could not be expected. Third-quarter purchases of consumer durables, however, rose again as consumer demand remained very strong. The supply of new cars during the annual changeover was, in 1964, adequate to meet high levels of demand, while purchases of other kinds of durables were stimulated by the high rate of residential construction. However, unavailability of some models of automobiles, due to strikes in the industry, resulted in a renewed decline in the fourth quarter but the year-over-year gain in durables expenditure was more than 10 per cent. A strong gain in the purchase of services was also evident, although a temporary levelling-off occurred here also in the second quarter.

TABLE 2

PER CENT CONTRIBUTION OF GNE COMPONENTS TO TOTAL CHANGE IN GNE—THREE POST-WAR EXPANSIONS

—	2Q 1954 to 4Q 1956 (10 quarters after trough)	1Q 1958 to 1Q 1960 (8 quarters after trough) (revised)	1Q 1961 to 4Q 1964 (15 quarters after trough)
Personal expenditure on consumer goods and services	43.6	48.9	54.3
Non-durable goods	*18.8*	*17.6*	*25.2*
Durable goods	*7.0*	*4.8*	*7.8*
Services	*17.8*	*26.5*	*21.3*
Government expenditures on goods and services	15.6	15.5	15.6
Federal	*4.7*	*−1.5*	*1.2*
Provincial and Municipal	*10.9*	*17.0*	*14.3*
New residential construction	3.7	−0.7	6.2
New non-residential construction	16.1	−4.9	9.1
New machinery and equipment	11.8	5.7	9.8
Non-farm business inventories	15.1	33.8	−2.3
Farm inventories and grain in commercial channels	7.4	3.6	4.4
Exports of goods and services	17.6	19.9	26.6
Imports of goods and services (−)	−31.0	−21.8	−23.7
GNE (ex. error)	100.0	100.0	100.0

Government sector expenditures on goods and services rose by 7.3 per cent between 1963 and 1964. Federal expenditures were up by 3.5 per cent and the first-quarter figures were affected by the purchase of some major items of defence equipment and by a number of other outlays of an unusual or non-recurring nature. Reductions in defence expenditures over the year were slightly exceeded by increases in non-defence expenditures, while at the provincial-municipal level there has been continuing growth of expenditures on education, roads and highways, and health services.

Total investment outlays in 1964 were, of course, heavily affected by the pattern of residential construction activity. The payment of a $500 bonus to purchasers of winter-built housing, among other factors, stimulated house-building in the first and fourth quarters, so that this form of expenditure (seasonally adjusted) experienced a decline from the first to the second quarter and remained relatively low in the third, rising again in the fourth. The reintroduction of the special measures in the winter of 1964–1965 resulted in a strong upturn in housing expenditures in the fourth quarter of 1964.

The timing of outlays on plant and equipment was also influenced by special factors in 1964, including the application of an additional 4 per cent sales tax on building materials and production machinery at the beginning of the second quarter. Total investment activity in 1964 was high in the first quarter, with some decline occurring subsequently .The third quarter level, however, was 13.2 per cent above the level of the third quarter 1963, and there was a very strong rise again in the last quarter, which carried investment for the year as a whole to a level 18.1 per cent higher than in 1963. The fourth quarter total was influenced by the special factors ruling at the end of the year, notably the renewed housing incentives and possibly some anticipation of the final increase in sales taxes on January 1, 1965.

TABLE 3

GROSS NATIONAL EXPENDITURE
(Seasonally adjusted at annual rates)

	1963				1964			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Personal expenditure on consumer goods and services	26,744	27,140	27,632	28,148	28,852	29,040	29,684	30,148
2. Government expenditure on goods and services	7,980	7,884	8,112	8,120	8,564	8,524	8,544	8,796
3. Business gross fixed capital formation[1]	7,112	7,512	7,704	8,036	8,944	8,828	8,720	9,380
New residential construction	*1,596*	*1,668*	*1,732*	*1,832*	*2,176*	*1,908*	*1,872*	*2,128*
New non-residential construction	*2,640*	*2,864*	*2,880*	*2,956*	*3,164*	*3,244*	*3,376*	*3,588*
New machinery and equipment	*2,876*	*2,980*	*3,092*	*3,248*	*3,604*	*3,676*	*3,472*	*3,664*
4. Value of physical change in inventories—total[2]	568	296	528	572	452	448	388	232
Non-farm business inventories	*184*	*−132*	*248*	*500*	*572*	*616*	*804*	*48*
Farm inventories and grain in commercial channels	*384*	*428*	*280*	*72*	*−120*	*−168*	*−416*	*184*
5. Exports of goods and services[3]	8,612	8,960	9,000	9,736	9,996	10,604	10,756	10,404
6. Imports of goods and services[3]	−9,136	−9,348	−9,780	−10,140	−10,840	−10,772	−10,784	−11,076
7. Residual error of estimate	280	116	192	140	−48	12	84	132
8. **Gross National Expenditure at Market Prices**	**42,160**	**42,560**	**43,388**	**44,612**	**45,920**	**46,684**	**47,392**	**48,016**

[1] Includes private businesses and institutions, and publicly owned business enterprises.

[2] The book value of inventories is deflated to remove the effect of price changes and the derived "physical" change is then valued at average prices of the current period to obtain the value of physical change. The difference between this value of physical change and the change in book value is called the inventory valuation adjustment (see line 8, Table 1)

[3] Minor adjustments have been made to the figures of current receipts and payments shown in Table 26 to achieve consistency with the other component series.

TABLE 4

GROSS NATIONAL EXPENDITURE IN CONSTANT (1957) DOLLARS

(Seasonally adjusted at annual rates)

—	1963				1964			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
1. Personal expenditure on consumer goods and services	24,712	24,984	25,312	25,732	26,252	26,316	26,812	27,156
2. Government expenditure on goods and services	6,848	6,704	6,852	6,784	7,140	7,076	6,996	7,184
3. Business gross fixed capital formation	6,308	6,624	6,728	6,968	7,684	7,476	7,360	7,848
New residential construction	*1,392*	*1,440*	*1,480*	*1,532*	*1,796*	*1,552*	*1,504*	*1,692*
New non-residential construction	*2,360*	*2,552*	*2,544*	*2,592*	*2,764*	*2,808*	*2,904*	*3,048*
New machinery and equipment	*2,556*	*2,632*	*2,704*	*2,844*	*3,124*	*3,116*	*2,952*	*3,108*
4. Value of physical change in inventories—total	536	268	508	532	444	424	336	208
Non-farm business inventories	*168*	*−116*	*248*	*460*	*568*	*596*	*744*	*32*
Farm inventories and grain in commercial channels	*368*	*384*	*260*	*72*	*− 124*	*− 172*	*− 408*	*176*
5. Exports of goods and services	8,028	8,344	8,360	8,940	9,128	9,648	9,672	9,404
6. Imports of goods and services	−8,220	−8,376	−8,632	−8,924	−9,472	−9,364	−9,436	−9,740
7. Residual error of estimate	256	104	172	128	− 44	12	76	116
8. **Gross National Expenditure at Market Prices**	**38,468**	**38,652**	**39,300**	**40,160**	**41,132**	**41,588**	**41,816**	**42,176**

The export sector (discussed in greater detail below) was a major source of strength in 1964. Wheat exports were, of course, heavily affected by the 1963 crop failure in Russia, as a result of which both Russia and other countries normally dependent on Russia for some part of their wheat supplies entered world markets as major buyers. Exports excluding wheat, however, also increased substantially in 1964, reflecting high levels of economic activity in the United States and other principal markets. The movement of wheat into export channels, by its effect on farm cash income, contributed to the rise in consumer purchases and also to expenditures on new machinery and equipment. Other industries in the export sector also undertook expanded investment programmes in the course of the year.

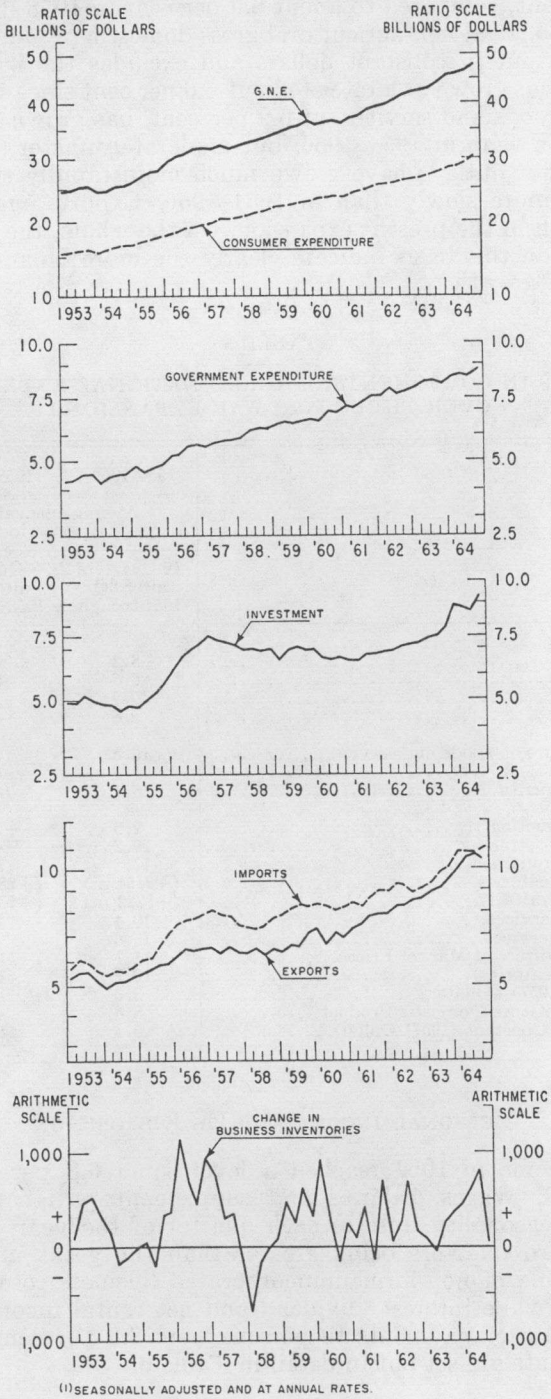
Business investment in inventories through the year showed a fairly regular quarter-to-quarter gain, until the fourth quarter when the accumulation was small. This advance represented about a 3 per cent rise in the total level of non-farm business inventories, compared with an increase in non-farm GNP of about 10 per cent.

The change in total non-farm inventories through the year was the sum of many changes in the various sectors. Some of these changes were offsetting. In the third quarter, for example, retail inventories declined while manufacturers' inventories rose. This shift reflected the circumstances prevailing in the automobile market in the summer of 1964. The sustained record levels of automobile sales caused a heavy depletion of retail inventories during the changeover period, while manufacturers built up supplies of new models in anticipation of a continuation of record sales into the fourth quarter. This buildup, however, was also in part due to expectation that supplies of components might later be interrupted by strikes. To some extent, this factor also contributed to a buildup of supplies of some kinds of steel at the manufacturers' level.

Inventories are by nature a highly volatile element. On the whole, developments since the fourth quarter of 1963 seem to reflect attempts by industry to raise the level of their inventories; these attempts, however, have been offset by the sustained overall level of demand in the economy, and inventories at the end of 1964 were still relatively low compared to sales levels across a large part of the economy.

Tables 2 and 5 analyse the movements of expenditure components over three postwar expansions. At the end of 1964, the level of economic activity had been rising through fifteen successive quarterly periods. The preceding two cyclical upswings, that of 1954 to 1956 and that of 1958 to 1960, had lasted ten and eight quarters respectively. Table 2 reveals the relatively greater importance of the export sector in the current growth trend, compared to the two previous cycles. It also indicates that additions to non-farm business inventories have so far not contributed to the expansion of demand. Consumer expenditure, notably on goods, has played a rather stronger role in the current expansion than previously, while the government sector has been unchanged in relative importance. Private investment outlays have contributed more strongly to the present upswing than they did in 1958–1960, when investment activity failed to expand with the rest of the economy. Private investment spending, however, remains substantially less significant than it was during the capital expenditures boom of 1954-1956.

GROSS NATIONAL EXPENDITURE
AND SELECTED COMPONENTS,
IN CURRENT DOLLARS[1]
BY QUARTERS, 1953-1964



[1] SEASONALLY ADJUSTED AND AT ANNUAL RATES.

Table 5 shows the growth of components of Gross National Expenditure from a rather different viewpoint. This table compares the average annual rates of growth in both total expenditure and its various components during the three post-war cycles. Total expenditure in the current upswing has grown at an annual rate of 8.8 per cent, compared to about 6.9 per cent in 1958–1960, and 11.7 per cent in 1954–1956. Real non-agricultural gross domestic product, which provides a measure of output in constant dollars and excludes the irregular impact of crop conditions, has grown at a rate of about 6.0 per cent since 1961. Government expenditure on goods and services, at 6.9 per cent, has grown less rapidly in the current expansion than in 1954–1956, but moderately faster than in 1958–1960. Private investment outlays have grown much more rapidly since 1961 than in 1958–1960, but more slowly than in 1954–1956. Exports again show up as a source of strength in the present expansion. On the whole, the expenditure components viewed on this basis indicate clearly the more balanced nature of the current period of growth.

TABLE 5

CHANGES IN COMPONENTS OF GROSS NATIONAL EXPENDITURE OVER THREE POST-WAR EXPANSIONS

—	1954–1956	1958–1960	1961–1964
	Average annual per cent change over period of expansion		
	10 Quarters after 2Q 1954 trough	8 Quarters after 1Q 1958 trough	15 Quarters after 1Q 1961 trough
Personal expenditure	8.2	5.6	7.1
Non-durables	*6.6*	*5.9*	*6.6*
Durables	*10.9*	*4.7*	*9.5*
Services	*9.6*	*8.4*	*7.0*
Government expenditure on goods and services	10.5	6.2	6.9
Federal	*5.8*	*−1.3*	*1.3*
Provincial and Municipal	*16.1*	*13.0*	*10.8*
New residential construction	9.6	−1.0	13.8
New non-residential construction	29.2	−4.1	11.1
New machinery and equipment	17.8	5.5	12.1
Non-farm business inventories	(+$454 m)	(+$806 m)	(−$ 70 m)
Farm and grain inventories	(+$222 m)	(+$ 86 m)	(+$138 m)
Exports of goods and services	10.4	7.5	11.3
Imports of goods and services	16.6	7.1	8.9
Gross National Expenditure at Market Prices	11.7	6.9	8.8
Final Demand (ex inventories)	10.7	5.0	8.5
G.N.E. in Constant (1957) Dollars	8.6	4.4	6.6
Real Non-agricultural Gross Domestic Product	8.6	4.7	6.0
Per Capita G.N.E. in Constant (1957) Dollars	5.4	2.0	4.5

Personal Income and Its Disposition

Personal income in 1964 reached a level some 6.8 per cent above that recorded in 1963. Wages, salaries and supplementary labour income, after adjustment for seasonality, rose in each quarter of the year, with the gains in the first and third quarters being greater than the gains in the second and fourth. Net income of non-farm unincorporated business rose by 4.7 per cent during the year, while interest, dividend and net rental income rose by about 5.8 per cent. Transfer payments to persons were 8.3 per cent higher in 1964. These developments are set out in detail in Table 6.

TABLE 6

SOURCES OF PERSONAL INCOME

—	1961	1962	1963	1964	1964[1] 1Q	1964[1] 2Q	1964[1] 3Q	1964[1] 4Q
	(Millions of dollars)							
1. Wages, salaries and supplementary labour income	18,996	20,233	21,546	23,416	22,732	23,100	23,704	24,128
Deduct: Employer and employee contributions to social insurance and government pension funds	− 787	− 812	− 847	− 892	− 876	− 900	− 892	− 900
2. Military pay and allowances	550	586	598	583	572	576	584	600
3. Net income received by farm operators from farm production	978	1,492	1,587	1,362	1,828	1,276	1,108	1,236
4. Net income of non-farm unincorporated business	2,274	2,376	2,472	2,587	2,548	2,584	2,624	2,592
5. Interest, dividends and net rental income of persons	3,030	3,308	3,555	3,760	3,688	3,708	3,788	3,856
6. Transfer payments to persons—								
(a) from government (excluding interest)	3,441	3,729	3,838	4,159	4,148	4,096	4,200	4,192
(b) charitable contributions made by corporations	40	44	44	44	44	44	44	44
7. **Personal Income**	**28,522**	**30,956**	**32,793**	**35,019**	**34,684**	**34,484**	**35,160**	**35,748**

[1]Seasonally adjusted at annual rates.

TABLE 7

DISPOSITION OF PERSONAL INCOME

—	1961	1962	1963	1964	1964[3] 1Q	1964[3] 2Q	1964[3] 3Q	1964[3] 4Q
	(Millions of dollars)							
1. Personal direct taxes—								
income taxes	2,125	2,316	2,487	2,930	2,784	2,868	2,996	3,072
succession duties and estate taxes	146	165	171	185	164	228	156	192
miscellaneous taxes	240	249	253	292	284	268	300	316
Total direct taxes	2,511	2,730	2,911	3,407	3,232	3,364	3,452	3,580
2. Personal expenditure on consumer goods and services—								
non-durable goods	12,178	12,961	13,508	14,355	13,968	14,204	14,440	14,808
durable goods	2,716	2,952	3,223	3,558	3,588	3,464	3,712	3,468
Services[1]	9,572	10,000	10,685	11,518	11,296	11,372	11,532	11,872
Total consumer expenditure	24,466	25,913	27,416	29,431	28,852	29,040	29,684	30,148
3. Personal net saving	1,545	2,313	2,466	2,181	2,600	2,080	2,024	2,020
4. **Personal Income**	**28,522**	**30,956**	**32,793**	**35,019**	**34,684**	**34,484**	**35,160**	**35,748**
5. Personal Disposable Income[2]	(26,011)	(28,226)	(29,882)	(31,612)	(31,452)	(31,120)	(31,708)	(32,168)

[1]Includes net expenditure abroad.

[2]Personal Income less total direct taxes.

[3]Seasonally adjusted at annual rates.

Farm net income, which is subject to sometimes extensive fluctuations due to changes in the market conditions and in crops, reached $1,828 million (annual rate) in the first quarter, but declined to $1,276 million in the second, and to $1,108 million in the third and increased to $1,236 million in the fourth. The explanation for this pattern lies in the timing of payments by the Canadian Wheat Board to farmers. These payments, associated with the rapid movement of wheat into export channels in 1963, had been sustained from mid-1963 into the first quarter of 1964. The decline in these payments in the second quarter was reflected in net income of farm operators. As a result of this development, total personal income recorded a decline in the second quarter. The upward movement was resumed in the third quarter.

Personal disposable income, which is taken as personal income less personal direct taxes, rose sharply in the first quarter, fell in the second and moved up again in the third and fourth quarters. The second-quarter decline reflected the drop in personal income which occurred at that time, associated with the timing of payments by the Wheat Board discussed above, and also a rise in personal taxes paid. In all, personal disposable income in 1964 was 5.8 per cent higher than in 1963.

Consumer expenditures in 1964, and particularly expenditures on durables, increased more rapidly than they did in 1963. Purchases of non-durable goods were 6.3 per cent higher than in 1963. Purchases of durables were 10.4 per cent higher. All major classes of consumer durables contributed to the increase, with expenditures on new and used cars rising by 11.5 per cent. The 1964 advance in expenditures on appliances and radios was 8 per cent, and on furniture 6 per cent. Consumer outlays on services rose by 7.8 per cent, and total consumer expenditures were 7.3 per cent higher.

The seasonally-adjusted quarterly pattern of consumer expenditures indicates that total outlays advanced during all four quarters. The second-quarter decline in personal disposable income was however, reflected in a moderation in the quarter-to-quarter rate of advance in total consumer spending. Outlays on non-durable goods rose in each quarter, as did purchases of services, but expenditures on durables fell in the second quarter from the first-quarter level, and again in the fourth quarter after a very strong third quarter.

Personal net saving in 1964, at $2.2 billion, was 11.6 per cent lower than a year previously. Personal saving, which is the difference between personal disposable income and personal expenditure on goods and services, takes the form of accumulation of a wide variety of financial and real assets: bank deposits, securities, insurance, equity in real estate, and so on. Personal saving by definition also covers any changes in inventory holdings of non-corporate business, including agriculture. Accordingly, large shifts in farm inventories, which may reflect changes in the level of crop production from one year to the next, affect the level of personal saving. Excluding farm inventory change, personal saving in 1964 was nearly $2.3 billion, compared with rather less than $2.2 billion in 1963. Personal saving, excluding farm inventories, amounted to 7.2 per cent of personal disposable income in 1964.

Investment and Capital Expenditure

A rapid upsurge in public and private capital formation occurred in 1964. Both housing construction and business capital spending on construction, machinery and equipment increased by 18 per cent. Capital investment by government departments increased by 15 per cent. The above increases brought the total of public and private investment over the $10 billion mark for the

first time. After allowing for price changes, the volume index of total investment exceeded the previous peak reached in 1957. It appears that these increases marked the emergence from several years of under-utilization of structures and equipment. The value of public and private capital formation amounted to 23 per cent of GNP, in comparison with less than 22 per cent of GNP in the previous three years. This ratio was well below the peak of 27 per cent which was reached in 1957.

An industrial breakdown of the 1964 investment programme is given in Tables 8 and 9; it will be seen that manufacturing was a principal contributor to the increase.

TABLE 8

PUBLIC AND PRIVATE CAPITAL EXPENDITURE

—	1960	1961	1962	1963	1964
	(Millions of dollars)				
Agriculture and fishing	550	576	663	762	820
Forestry	54	50	54	60	73
Mining, quarrying and oil wells	400	449	480	521	633
Manufacturing	1,178	1,085	1,269	1,358	1,815
Electric power, gas and water works	688	710	723	764	881
Transportation, storage and communications	1,084	988	878	1,007	1,196
Construction industry	130	136	109	135	151
Trade, finance and commercial services	875	847	860	918	996
Institutions	573	617	834	873	766
Housing	1,456	1,467	1,587	1,713	2,028
Government departments	1,274	1,247	1,258	1,282	1,468
Total Capital Expenditure(1)	**8,262**	**8,172**	**8,715**	**9,393**	**10,827**
Total Capital Expenditure as a percentage of Gross National Expenditure	22.8	21.8	21.5	21.8	23.0
Index of total Capital Expenditure in constant (1957) dollars	90.2	89.5	93.1	97.3	108.5

(1)For reconciliation with Business Gross Fixed Capital Formation in housing, plant and equipment as per national accounts, see below.

—	1960	1961	1962	1963	1964
	(Millions of dollars)				
Private and Public Capital Expenditure, Table 8	8,262	8,172	8,715	9,393	10,827
Deduct:					
New residential construction by governments	13	9	10	6	7
New non-residential construction by governments	1,420	1,368	1,562	1,609	1,640
New machinery and equipment outlays by governments	137	160	183	187	212
Business Gross Fixed Capital Formation in Housing, Plant and Equipment—National Accounts definition	6,692	6,635	6,960	7,591	8,968

TABLE 9

PERCENTAGE INCREASES IN CAPITAL EXPENDITURE BY INDUSTRY

—	Percentage Increase 1963-64	Capital Expenditure as a Percentage of Total Capital Expenditure, 1964
Agriculture and fishing	7.6	7.6
Forestry	21.7	0.7
Mining, quarrying and oil wells	21.5	5.8
Manufacturing	33.7	16.8
Electric power, gas and waterworks	15.3	8.1
Transportation, storage and communications	18.8	11.0
Construction industry	11.9	1.4
Trade, finance and commercial services	8.5	9.2
Institutions	−12.3	7.1
Housing	18.4	18.7
Government departments	14.5	13.6
Total	15.3	100.0

Business Capital

In 1964, all categories of business capital investment increased. The manufacturing sector experienced the greatest relative upsurge in capital outlays. These increased by 34 per cent over the previous year, compared with a gain of 7 per cent in 1963. Within the manufacturing sector, capital expenditures increased by 84 per cent in the textile industry, 61 per cent in the paper and allied industries, 72 per cent in the transportation equipment industry, 41 per

TABLE 10

INVESTMENT AS A PERCENTAGE OF GROSS NATIONAL EXPENDITURE 1948-1964

—	Total Private and Public Investment	Housing and Social Capital[1]	Business Investment Private and Public[2]
1948	20.4	7.8	12.6
1949	21.7	8.7	13.0
1950	21.9	8.9	13.0
1951	22.4	8.6	13.8
1952	22.9	9.0	13.9
1953	23.9	9.4	14.5
1954	23.0	9.6	13.4
1955	23.0	9.8	13.2
1956	26.3	9.9	16.4
1957	27.3	9.6	17.7
1958	25.4	10.6	14.8
1959	24.1	10.4	13.7
1960	22.8	9.3	13.4
1961	21.8	9.1	12.7
1962	21.5	9.2	12.3
1963	21.8	9.1	12.7
1964	23.0	9.2	13.8

[1] Includes housing, outlays by government departments, institutions and municipal waterworks.
[2] Includes government business enterprises.

cent in primary metals, 45 per cent in non-metallic mineral products and 40 per cent in the machinery manufacturing industry. Of course these large percentage increases are in comparison with levels which had been relatively low. Certain indicators of the rates of capacity utilization in some of the above industries suggest significantly higher rates in 1964 than in recent years.

TABLE 11

BUSINESS INVESTMENT AS PER CENT OF GDP[1] ORIGINATING BY INDUSTRY, SELECTED YEARS

—	1949	1955	1957	1963	1964
Agriculture	26	23	27	30	36
Forestry	10	14	12	15	16
Mining, quarrying and oil wells	18	31	50	33	36
Manufacturing	13	14	19	14	17
Construction	7	13	8	7	7
Transportation and storage	20	22	49	23	28
Communication	53	46	54	47	41
Electric power, gas and water utilities	105	78	108	61	62
Trade	9	10	9	7	6
Finance, insurance and real estate[2]	72	64	58	49	55
Total	23	24	30	23	26

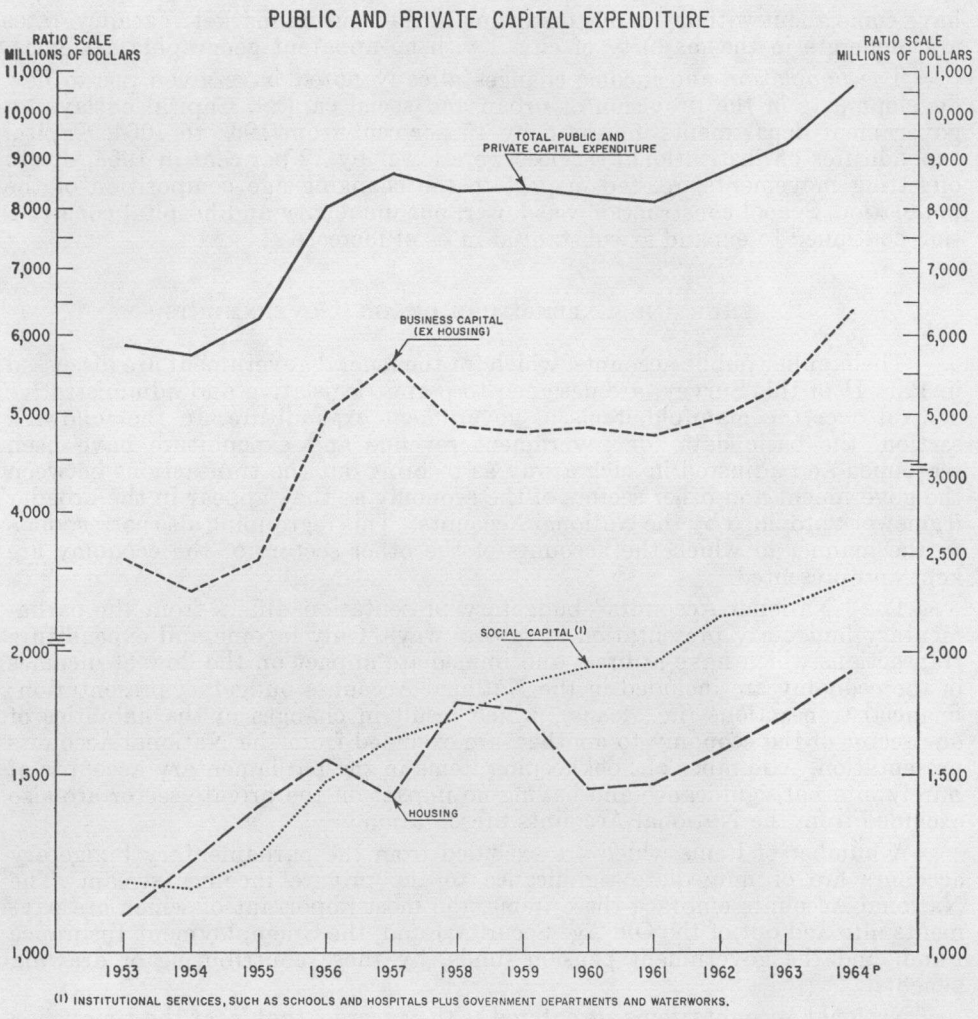
SOURCES: Tables 21 and 25 of Annual National Accounts, excluding public administration and defence, and community service industries. 1964 calculations by Department of Finance.

[1]Gross domestic product at factor cost differs from gross national product at market prices by the exclusion of indirect taxes less subsidies and by the inclusion of net foreign factor payments such as net interest and dividend payments abroad. It is therefore a measure of the value of production of industries located in Canada whether or not they include returns to foreign investors. The above ratios were obtained by dividing new capital formation by value product in each industry. Further refinements in these data are possible and the above table should be used only to gain an indication of trends.

[2]Capital formation in finance, insurance and real estate includes new residential construction, and the product originating in the industry includes gross paid and imputed rents.

Table 9 shows the changes in new investment between 1963 and 1964. As indicated, manufacturing, which accounts for about one-sixth of total new investment, showed the largest percentage gain. As can be seen from the table, however, most other major industrial sectors also showed substantial increases in new investment in 1964. Although evidence is incomplete, it seems likely that the gains in investment in 1964 were associated with the extended gains in market demand, both domestic and foreign, which had been accumulating for several years. The increases in investment were also made against a background of credit expansion, and large flows of business savings in the form of undistributed earnings and capital cost allowances, referred to in other sections of this Review.

The ratios of investment so far achieved do not appear to be high by historical standards, as Table 10 shows. The present ratios compare quite closely with those of 1949 to 1955 as a percentage of GNE, but are well below the peak of 1957. Table 11 provides additional industrial detail, with regard to historical levels and current levels of capital formation as a per cent of value of production.



Housing and Social Capital

Expenditures on new housing in 1964 increased nearly 19 per cent over the previous year. This increase was as large as that realized during the three-year period 1960 to 1963. Both demographic and economic factors account for these increases. The chart of population by age groups shows that there are rapidly increasing numbers in the 20–24 and 25–29 age groups who normally establish their own households. In addition, higher incomes in general have permitted "un-doubling" of composite families, with older members and relatives apparently able to afford accommodation of their own. These factors may account for the rising proportion of apartments and multiple units which now amount to over 50 per cent by volume of all new housing construction. Thus, both new "family formation" by way of additional marriages and "non-family formation" by way of splitting-up of older units, or single persons establishing their own households, play their part in contributing to the demand for new housing. On the supply side, there has been a great deal of winter construction, aided by special measures. The ready availability of mortgage credit has also facilitated additional building to meet the above demands. This rate of building appears to

have come about without undue distortion of the housing market. Vacancy rates are moderate in the majority of cities, with no apparent geographic extremes.

The population and income changes already noted have given rise to new developments in the provision of urban and social capital. Capital outlays by government departments increased by 15 per cent from 1963 to 1964. Capital expenditures on institutional services were lower by 12 per cent in 1964, due to offsetting movements, related in part to the changing age composition of the population. School construction was lower, but university and hospital construction continued to expand at substantial rates of increase.

Revenue and Expenditure of all Governments

The familiar public accounts, which for the federal government are discussed in Part II of this Survey, are designed to permit legislative and administrative control over the manifold items of government expenditure. In the following section, the basic data for government revenue and expenditure have been regrouped and adjusted in such a way as to bring out the transactions between the government and other sectors of the economy as they appear in the broader framework provided by the National Accounts. This regrouping also corresponds to the manner in which the accounts of the other sectors of the economy are kept and presented.

The "National Accounts" budgetary presentation differs from the parliamentary budgetary presentation in several ways. Only income and expenditure transactions which have a direct and immediate impact on the flow of incomes in the economy are included in the National Accounts budgetary presentation; financial transactions (i.e., loans), which result in changes in the liabilities of one sector of the economy to another, are excluded from the National Accounts presentation. A number of bookkeeping items in the parliamentary accounts of purely internal significance and having no impact on the private sector are also excluded from the National Accounts presentation.

A number of items which are excluded from the parliamentary budgetary accounts are of immediate significance to the private incomes stream. The National Accounts embrace these items, the most important of which are payments into and out of the Old Age Security Fund, the Unemployment Insurance Fund, and the government pension funds, by those contributing or drawing benefits.

National Accounts items are entered as they accrue, that is, at the time when the economic impact is felt on the economy, since this is the basic method used in business. Corporation income taxes in particular require a major adjustment from the public accounts to a National Accounts basis. These taxes will have been paid on an instalment basis beginning eight months before the end of the companies' fiscal year and ending four months after (taking into account the current advancement in payments of corporation income tax). Corporations can elect to estimate current income on the basis of last year's income or on the basis of their current records, but must complete the current year's payment within four months of the end of that year. As a result, corporations may accrue tax liabilities a number of months before tax payments are actually made and recorded in the public accounts. Tax accruals are directly related to corporate profits at the time they occur, and profits move with the business cycle. Accordingly, the recording of tax accruals and the analysis of the government sector, on a National Accounts basis, may permit a more meaningful appreciation of the timing of changes in revenues of the government sector in relation to fluctuations in economic activity. Similarly, timing adjustments are made on the expenditures side of the National Accounts to put government purchase of goods and services on an accrual basis, rather than at the time actual payments are made.

TABLE 12

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1961	1962	1963	1964	1964[1] 1Q	1964[1] 2Q	1964[1] 3Q	1964[1] 4Q
	(Millions of dollars)							
GOVERNMENT REVENUE—								
Direct Taxes—Persons	2,511	2,730	2,911	3,407	3,232	3,364	3,452	3,580
Federal	2,132	2,088	2,193	2,558	2,448	2,552	2,580	2,652
Provincial and Municipal	379	642	718	849	784	812	872	928
Direct taxes—Corporations	1,612	1,702	1,821	1,989	1,976	1,976	1,968	2,036
Income—								
Federal	1,311	1,271	1,356	1,482	1,484	1,480	1,468	1,496
Provincial	301	431	465	507	492	496	500	540
Withholding Taxes—Federal	116	125	127	140	132	140	140	148
Indirect Taxes	4,947	5,565	5,879	6,648	6,424	6,608	6,748	6,812
Federal	2,190	2,401	2,451	2,847	2,696	2,824	2,928	2,940
Provincial and Municipal	2,757	3,164	3,428	3,801	3,728	3,784	3,820	3,872
Investment Income	1,126	1,257	1,376	1,519	1,488	1,508	1,484	1,596
Federal	409	448	502	547	560	524	520	584
Provincial and Municipal	717	809	874	972	928	984	964	1,012
Employer and Employee Contributions to Social Insurance and Government Pension Funds	787	812	847	892	876	900	892	900
Federal	510	518	534	558	556	568	552	556
Provincial and Municipal	277	294	313	334	320	332	340	344
Transfers from Federal Government—								
Provincial and Municipal	1,128	1,134	1,169	1,254	1,164	1,300	1,264	1,288
Total Revenue	**12,227**	**13,325**	**14,130**	**15,849**	**15,292**	**15,796**	**15,948**	**16,360**
Federal	6,668	6,851	7,163	8,132	7,876	8,088	8,188	8,376
Provincial and Municipal	5,559	6,474	6,967	7,717	7,416	7,708	7,760	7,984

[1]Seasonally adjusted at annual rates.

TABLE 12—Concluded

GOVERNMENT TRANSACTIONS RELATED TO THE NATIONAL ACCOUNTS

—	1961	1962	1963	1964	1964[1] 1Q	2Q	3Q	4Q
	(Millions of dollars)							
GOVERNMENT EXPENDITURE—								
Goods and Services	7,236	7,710	8,024	8,607	8,564	8,524	8,544	8,796
Federal—								
Non-defence	1,369	1,345	1,363	1,490	1,488	1,452	1,520	1,500
Defence	1,613	1,678	1,576	1,552	1,672	1,544	1,496	1,496
Provincial and Municipal	4,254	4,687	5,085	5,565	5,404	5,528	5,528	5,800
Transfer Payments to Persons	3,441	3,729	3,838	4,159	4,148	4,096	4,200	4,192
Federal	2,006	2,112	2,137	2,235	2,256	2,216	2,236	2,232
Provincial and Municipal	1,435	1,617	1,701	1,924	1,892	1,880	1,964	1,960
Interest on Public Debt	1,170	1,302	1,420	1,532	1,500	1,520	1,528	1,580
Federal	786	866	935	995	984	988	992	1,016
Provincial and Municipal	384	436	485	537	516	532	536	564
Subsidies	251	292	311	317	284	268	248	468
Federal	221	260	275	278	248	228	208	428
Provincial and Municipal	30	32	36	39	36	40	40	40
Transfers to Other Governments—								
Federal	1,128	1,134	1,169	1,254	1,164	1,300	1,264	1,288
Total Expenditure	**13,226**	**14,167**	**14,762**	**15,869**	**15,660**	**15,708**	**15,784**	**16,324**
Federal	7,123	7,395	7,455	7,804	7,812	7,728	7,716	7,960
Provincial and Municipal	6,103	6,772	7,307	8,065	7,848	7,980	8,068	8,364
Deficit (−) or Surplus (+)	**−999**	**−842**	**−632**	**−20**	**−368**	**88**	**164**	**36**
Federal	−455	−544	−292	328	64	360	472	416
Provincial and Municipal	−544	−298	−340	−348	−432	−272	−308	−380
Total Expenditure Minus Deficit of Plus Surplus	**12,227**	**13,325**	**14,130**	**15,849**	**15,292**	**15,796**	**15,948**	**16,360**
Federal	6,668	6,851	7,163	8,132	7,876	8,088	8,188	8,376
Provincial and Municipal	5,559	6,474	6,967	7,717	7,416	7,708	7,760	7,984

[1] Seasonally adjusted at annual rates.

TABLE 13

FEDERAL GOVERNMENT REVENUES AND EXPENDITURES PUBLIC ACCOUNTS AND NATIONAL ACCOUNTS RECONCILIATION

—	1962–63	1963–64	1964–65	1963				1964			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)										
1. Budgetary revenue	5,878	6,253	7,136	1,479	1,393	1,489	1,683	1,688	1,772	1,721	1,835
2. Supplementary period adjustment[1]	−3	−21	−10	−125	125	—	—	−146	146	—	—
3. Extra-budgetary revenues											
Old Age Security tax collections	692	747	956	180	197	170	178	202	247	214	220
Prairie Farm Assistance Act levy	8	9	10	2	1	4	2	2	3	4	2
Unemployment insurance employer-employee contributions	286	297	307	74	67	76	77	77	71	78	79
Government pension funds, employer-employee contributions	237	245	251	60	59	60	61	65	63	62	64
Interest receipts of social insurance and government pension funds	126	143	157	34	34	35	36	38	37	39	39
4. Corporate income tax[2]: excess (+) of accruals over collections	8	38	−137	−17	−10	4	51	−7	−123	−3	10
5. Profits before taxes (net of losses) of government business enterprises	166	207	244	26	57	54	53	43	56	52	85
6. Interest on loans, advances and investments	172	175	169	36	40	37	60	38	40	38	42
7. Less: Budgetary return on investments	−293	−392	−380	−65	−67	−43	−170	−112	−102	−60	−95
8. Less: Postal revenue	−194	−201	−230	−47	−48	−43	−58	−52	−53	−49	−70
9. Budgetary revenue items offset against budgetary expenditures[3]	−106	−109	−112	−27	−27	−27	−27	−28	−29	−29	−30
10. All other adjustments to budgetary revenue[4]	−31	−44	−48	−22	−7	−13	12	−36	−9	−14	7
11. **Total Revenue, National Accounts Basis**	**6,946**	**7,347**	**8,313**	**1,588**	**1,814**	**1,803**	**1,958**	**1,772**	**2,119**	**2,053**	**2,188**

(1) In the National Accounts, revenues in the supplementary period are shifted to the following fiscal year.
(2) Taxes on government business enterprises are excluded from this item and included in item 5.
(3) See also line 10, expenditure reconciliation.
(4) These adjustments are largely revenue items not relevant for the National Accounts such as proceeds from sales of existing assets.

TABLE 13—Concluded

—	1962–63	1963–64	1964–65	1963				1964			
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)										
1. Budgetary expenditure	6,570	6,872	7,219	2,070	1,374	1,604	1,629	2,265	1,420	1,675	1,809
2. Supplementary period adjustment	−55	−33	−6	−376	376	—	—	−409	409	—	—
3. Expenditures of extra-budgetary funds											
Old Age Security Fund payments	734	808	889	185	186	187	217	218	220	221	222
Unemployment insurance benefits	403	366	332	178	115	42	59	150	102	40	52
Government pension fund payments	78	89	97	21	22	21	22	24	24	24	24
Prairie farm assistance payments	15	11	10	11	1	—	3	7	—	—	2
4. Transfers to extra-budgetary funds	−105	−66	−63	−14	−21	−15	−15	−15	−15	−16	−16
5. Adjustment to place other government funds and crown agencies on a disbursement basis[2]	55	19	−30	6	−47	29	32	5	−93	41	−19
6. Budgetary expenditures offset against income of government business enterprises											
Post Office expenditures	−189	−206	−211	−51	−47	−53	−53	−53	−51	−50	−53
Deficits of government business enterprises	−100	−86	−80	−6	−59	−4	−5	−18	−26	−21	−11
7. Capital assistance to non-defence industry[3]	−35	−60	−77	−14	−12	−20	−10	−18	−26	−21	−11
8. Reserves and write-offs	−41	−161	−42	−11	−47	−13	−14	−87	−11	−11	−10
9. Budgetary revenue items offset against budgetary expenditure[4]	−106	−109	−112	−27	−27	−27	−27	−28	−29	−29	−30
10. All other adjustments to budgetary expenditure	121	109	55	−51	77	65	−11	−22	25	45	−21
11. **Total Expenditure, National Accounts Basis**	**7,345**	**7,553**	**7,981**	**1,921**	**1,891**	**1,816**	**1,827**	**2,019**	**1,949**	**1,898**	**1,938**
12. Surplus (+) or deficit (−), National Accounts basis	−399	−206	332	−333	−77	−13	131	−247	170	155	250
13. Surplus (+) or deficit (−), budgetary basis	(−692)	(−619)	(−83)	(−591)	(+19)	(−115)	(+54)	(−577)	(+352)	(+46)	(+26)
14. Total, National Accounts basis	6,946	7,347	8,313	1,588	1,814	1,803	1,958	1,772	2,119	2,053	2,188
15. Surplus (+) or deficit (−), National Accounts basis, seasonally adjusted at annual rates	(−399)	(−206)	(332)	(−344)	(−588)	(−188)	(−48)	(+64)	(+360)	(+472)	(+416)

[1]In the National Accounts, expenditures on goods and services in the supplementary period are split evenly between adjacent fiscal years. Other expenditure items are shifted entirely to the next fiscal year.

[2]This adjustment replaces budgetary appropriations to various funds and agencies by the outlays actually made by these funds and agencies.

[3]Government capital assistance to industry appears as part of business gross capital formation and is removed from the government sector to avoid double counting in the National Accounts.

[4]The largest component of this item consists of revenue from sales of goods and services by the government sector. These sales appear as final expenditure of the private sector and are deducted to avoid double counting.

The National Accounts presentation of the government accounts is shown in Table 12. A reconciliation of the federal government's public accounts and the National Accounts presentation for recent annual and quarterly periods is set out in Table 13.

Structure of Governments' Revenues and Expenditures

Table 12, which displays the principal revenue and expenditure sources of the federal government and of provincial and municipal governments combined, according to National Accounts definitions, is the main basis of subsequent analysis. Some definitions and highlights are given below.

Direct taxes on persons consist of payments made to the various governments. (These data include personal income, estate, gift, and inheritance taxes.) In 1964 about three-fourths went to the federal government and about one-fourth to provincial governments. Similar proportions of corporation direct taxes went to the federal and provincial governments.

Indirect taxes, according to National Accounts definitions, consist of customs duties and sales and excise taxes of the federal government; sales, gasoline, motor vehicle, natural resource and other taxes of provincial governments; and property taxes of municipal governments. It can be observed that they exceed all other tax sources combined, and that they are the main source of provincial and municipal governments' revenues.

Investment income consists of interest on funds, loans and investments, and profits of government business enterprises. The latter comprise crown corporations and agencies of the federal government, including government-owned business enterprises. Provincial enterprises include liquor control boards and public utilities. Municipal enterprises include gas, water, sewer, transport and other enterprises which levy specific charges designed to cover operating and other costs.

Revenues of funds include the public service pension receipts of the three governments, including both employer and employee contributions. Revenues of the federal unemployment insurance fund and of provincial workmen's compensation funds are also included here. It may be noted that old age security is financed by tax revenue and is, therefore, not included in the funds shown here.

The item "transfers from other governments" shows that the federal government transferred to provincial and municipal governments an amount of just over $1,250 million in 1964. Provincial governments transferred a roughly equivalent amount to municipal governments in that year. These transfers are discussed in greater detail below.

Turning to the expenditure side of Table 12, the largest item is expenditure on goods and services which consists of wages and purchased materials and services which are supplied by private sectors of the economy. Included are capital goods such as roads, buildings and public works in general, except those built by government business enterprises, which are included in business investment.

Transfer payments to persons include old age security, family allowances, veterans' pensions, unemployment insurance benefits, and other payments by the federal government. Provincial and municipal transfers to persons include direct relief, workmen's compensation, and various health and welfare payments, including payments to hospitals.

Debt interest is the gross amount paid on the outstanding public debts of the three governments, without deduction of interest revenue from loans and investments, which is shown separately on the revenue side.

Transfers to other governments were mentioned briefly above. It will be noted that they do not affect the combined deficit of all governments, since the payment by one government represents an equivalent receipt by another. In comparing government revenue and expenditure with gross national product or similar aggregates, it is necessary to remove any duplication in total revenues or expenditures which occurs when funds are transferred between governments before they are finally spent. It was noted earlier that the amount of federal government transfers to provincial governments is almost exactly equalled, on balance, by the amount of provincial government transfers to municipalities. While transfers between governments may have certain redistributive consequences, these are not analysed here. Some additional comment is made subsequently on the transfers between provincial governments and their municipalities.

Trends in Revenues and Expenditures of Governments

In the period from 1950 to 1964, taxation revenues of all governments advanced somewhat more rapidly than gross national product. While they amounted to 21.3 per cent of gross national product in 1950, they had risen to 26.0 per cent in 1964. The major part of the increase was due to provincial and municipal taxation revenues, which rose from 6.5 per cent of gross national product in 1950 to 11.0 per cent in 1964. The federal government's taxation revenue as a percentage of gross national product was 14.8 per cent in 1950, 16.0 per cent in 1955, 15.3 per cent in 1960 and 14.9 per cent in 1964. These comparisons reflect changes that occurred in federal-provincial tax-sharing arrangements during the period, as well as in individual governments' tax rates and in the growth of the various economic sectors from which tax revenues are derived.

TABLE 14

TAXATION REVENUE OF GOVERNMENTS AS A PROPORTION OF GROSS NATIONAL PRODUCT, SELECTED YEARS 1950-1964

(National Accounts basis)

—	1950		1955		1960		1964	
	$ Millions	Percentage of G.N.P.	$ Millions	Percentage of G.N.P.	$ Millions	Percentage of G.N.P.	$ Millions	Percentage of G.N.P.
Federal Government.....	2,660	14.8	4,346	16.0	5,542	15.3	7,027	14.9
Provincial Governments...	677	3.7	960	3.5	1,688	4.7	3,267	7.0
Municipalities.....	503	2.8	851	3.1	1,458	4.0	1,890	4.0
Total.....	**3,840**	**21.3**	**6,157**	**22.7**	**8,688**	**24.0**	**12,184**	**25.9**
Gross National Product...	18,006		27,132		36,287		47,003	

Expenditures on goods and services by governments represent public consumption out of the nation's total production of goods and services. These amounted to 18 per cent of gross national product in 1964. Their trend and relative composition since 1950 are brought out in Table 15 below. In addition, governments engage in what might be termed redistributive activities, partly via intergovernmental transfers and eventually vis-à-vis the private economy. It can be calculated from Table 12 above that total expenditure of all governments (excluding intergovernmental transfers in order to avoid double counting of total expenditures) was the equivalent of 31 per cent of GNP in 1964. The difference between the 18 per cent expenditure on goods and services and the 31 per cent total expenditure is represented by transfers to persons, debt interest

and subsidies, and is the equivalent of 13 per cent of GNP. Transfers to persons include pensions and other social security outlays, as well as grants to hospitals and other institutions, and amounted in total to $4,159 million or 9 per cent of GNP in 1964. They have grown at a faster rate than gross national product since 1950. The remaining 4 per cent consisted of debt interest and subsidies, which together were slightly larger relative to gross national product in 1964, than they had been in 1950.

TABLE 15

GOVERNMENT EXPENDITURES ON GOODS AND SERVICES AS A PROPORTION OF GROSS NATIONAL EXPENDITURE, SELECTED YEARS 1950-64

(National Accounts basis)

—	1950		1955		1960		1964	
	$ Millions	Percentage of GNE	$ Millions	Percentage of GNE	$ Millions	Percentage of GNE	$ Millions	Percentage of GNE
Federal Government	977	5.4	2,510	9.3	2,730	7.5	3,042	6.5
Provincial Governments and Municipalities	1,367	7.6	2,282	8.4	4,039	11.1	5,565	11.8
GNE	18,006		27,132		36,287		47,003	

Federal government expenditures on goods and services increased rapidly at the time of Korea and the subsequent defence buildup, but have since tended to grow less rapidly. The stability in defence spending is of course the main reason, while the ratio of non-defence expenditure on goods and services to GNE has not changed significantly. Goods and services expenditures declined to 6.5 per cent of GNE in 1964, while other kinds of expenditure were relatively stable. Table 16 shows that federal transfers to other governments were 2.7 per cent of GNE in 1964. The main trends in federal government expenditures are illustrated in the following chart.

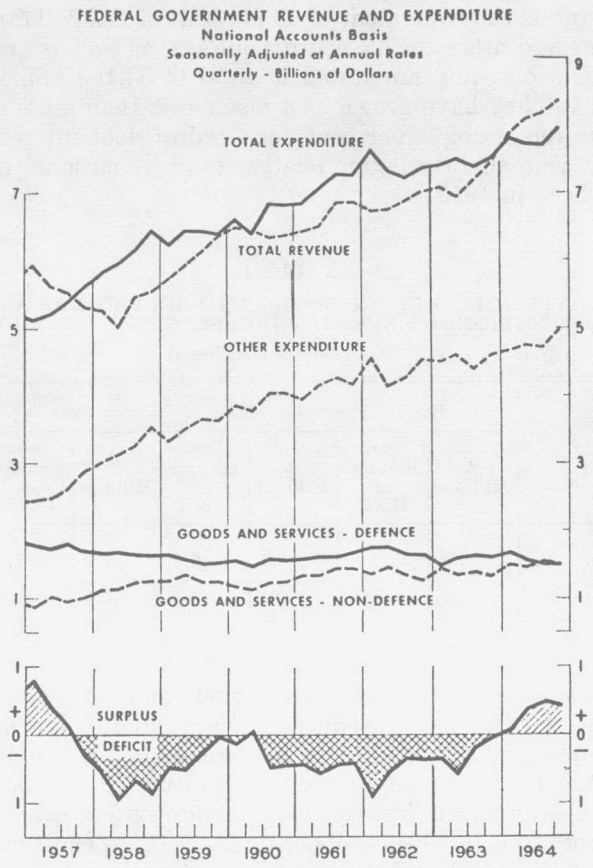
TABLE 16

FEDERAL GOVERNMENT EXPENDITURES, SELECTED YEARS 1950-1964

(National Accounts basis)

—	1950		1955		1960		1964	
	$ Millions	Percentage of GNE	$ Millions	Percentage of GNE	$ Millions	Percentage of GNE	$ Millions	Percentage of GNE
Goods and Services	977	5.4	2,510	9.3	2,730	7.5	3,042	6.5
Transfer Payments to Persons[1]	615	3.4	1,232	4.5	1,976	5.5	2,235	4.8
Interest on the Public Debt	427	2.4	494	1.8	753	2.1	995	2.1
Transfers to Other Levels of Government	251	1.4	450	1.7	994	2.7	1,254	2.7
Other	60	.3	75	.3	207	.6	278	.6
Total	**2,330**	**12.9**	**4,761**	**17.5**	**6,662**	**18.4**	**7,804**	**16.6**

[1] Excluding interest payments.



Turning to the fiscal position in 1964, the sum of taxation and other revenues of the federal government was $8,132 million on a National Accounts basis in 1964. This amount was somewhat greater than expenditures so that there was a surplus on a National Accounts basis. Provincial and municipal governments' tax and non-tax revenues plus transfer receipts were $7,717 million in the same period. This was somewhat less than their combined expenditures, so that they incurred a small deficit. In the combined total of all governments' revenue and expenditure, there existed an approximate balance on the national accounts basis, in the past year.

The effect of intergovernmental transfers is brought out in the following table. These transfers include both conditional grants, that is, those which can be allocated to specific expenditures such as school or hospital construction, and unconditional grants which cannot be specifically allocated according to function. The following table is based on National Accounts definitions.

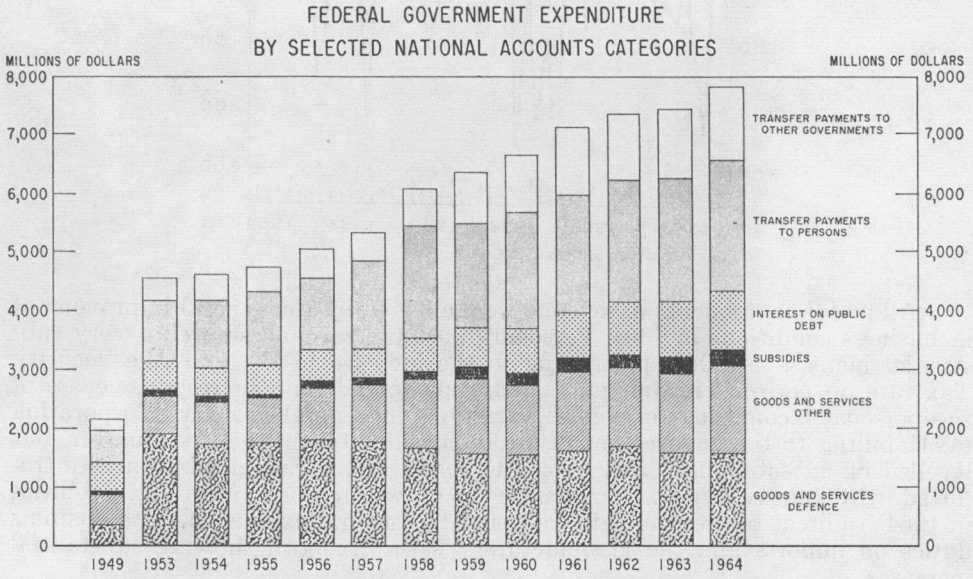
It is apparent from the table that transfers from the federal government to provincial and municipal governments reduce the federal government's share of combined tax and non-tax revenues from 56 to 47 per cent of the total revenue, while raising the provincial and municipal governments' combined share from 44 to 53 per cent of the total revenue. It has already been mentioned that provincial governments transfer to municipalities an amount almost equivalent to that which they receive from the federal government.

TABLE 17

ADJUSTMENT FOR INTER-GOVERNMENTAL TRANSFERS, 1964

(Millions of dollars)

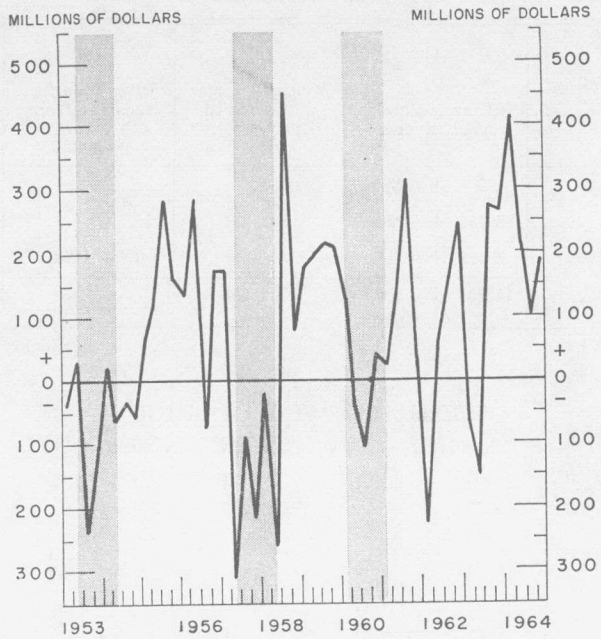
	(1) Taxation and other revenue		(2) Minus: Transfer payments to other governments	(3) Plus: Transfers received from other governments	(4) = (1 + 2 + 3) = Revenue after transfers	
	$	%			$	%
Federal	8,132	56	−1,254		6,878	47
Provincial-Municipal	6,463	44		+1,254	7,717	53
Total	**14,595**	**100**	**−1,254**	**+1,254**	**14,595**	**100**



Current Position of the Federal Sector

During 1964, the position of the government of Canada was tending toward a surplus on a National Accounts basis. Business conditions proved to be more expansive than had been anticipated and revenues reflected an even stronger rise, as a result of both special factors and the normal cyclical responses of taxes and tax bases. Quarterly changes in federal government revenue during the past three business cycles are shown in the following chart, in which the shaded areas represent cyclical contractions. It is quite apparent that revenues fall off substantially in contractions, and expand rapidly in prosperous periods. The final chart at the end of this section shows that both the surplus or deficit position and the unemployment rate (inverted) are similarly subject to changes in general business conditions.

QUARTERLY CHANGES IN
FEDERAL GOVERNMENT REVENUE(1)



(1) ON A NATIONAL ACCOUNTS BASIS.

All major components of revenue were affected by the general improvement in business conditions in 1964. Personal direct tax revenue showed a very substantial increase in 1964, partly due to the increase in the Old Age Security Tax rate on personal income and partly due to the built-in responsiveness of the personal income tax to cyclical variations in general activity. Corporation tax liabilities to the government also rose considerably in the first quarter, but levelled off in subsequent quarters. The special depreciation allowances introduced in 1963 have tended to moderate the growth in corporation tax liabilities in 1964. Indirect tax revenue also reflected the general expansion, with customs duties on imports and the manufacturers' sales tax both showing substantial increases.

Much of the increase in total expenditure in 1964 occurred in the first quarter of the year, as a result of increases in both defence and non-defence expenditures on goods and services. In the second quarter, increased payments to provincial governments more than offset a decline in defence expenditure. Other expenditure components changed very little. In the third quarter, defence expenditure declined once again but small increases in transfers to persons and in expenditure on goods and services, resulted in no overall change. Most of the above components showed decreases in the fourth quarter of 1964, but they were offset by an increase in subsidies. Several of these factors are temporary, being related more to variations in the quarterly timing of government expenditures than to any basic change in trend.

Provincial Governments and Municipalities

Summing up the revenue and expenditure components of provincial governments and municipalities in terms of their surplus or deficit position on a National

Accounts basis, provincial governments are close to balance and municipalities are incurring substantial deficits.

PROVINCIAL GOVERNMENTS AND MUNICIPALITIES
DEFICIT (−) OR SURPLUS (+)

(National Accounts Basis)
(Millions of dollars)

	1959	1960	1961[1]	1962[1]	1963[1]	1964[1]
Provincial	+112	− 76	−128	+ 94	+ 80	+104
Municipal	−341	−390	−416	−392	−420	−452
Total	−229	−466	−544	−298	−340	−348

[1]Preliminary estimates by the Department of Finance.

The municipal deficits have been occurring despite annual increases in transfers from provincial governments to municipalities, mainly in the form of grants to school boards or districts and grants for roads. Total transfers from provinces to municipalities increased from $622 million in 1959 to $1,143 million in 1963.

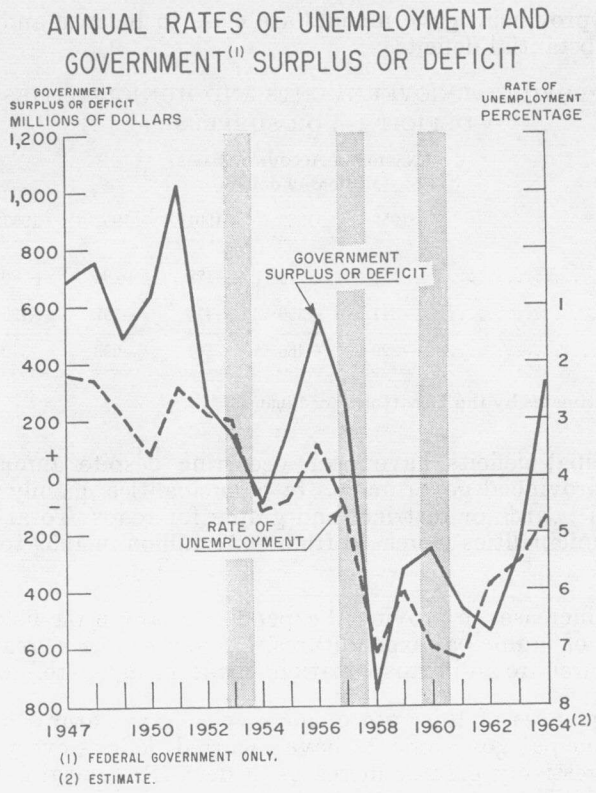
The major increases in provincial expenditures are in the field of education; this is also true of municipal expenditures. Large absolute increases in expenditures on health, welfare and transportation (roads, bridges, etc.) are also evident.

The consequences of this rate of increase in expenditures have been fourfold. First, municipal governments have incurred deficits every year and this has led to progressively greater increases in debt. Provincial debt has also increased annually. The total annual increase in gross debt, of course, has been greater than the operating deficits of governments shown above, since they also borrow to finance investment in municipally- and provincially-owned public utilities. The latter are shown in the business sector of the National Accounts.

Second, as expenditures continue to grow, provincial and municipal governments have found it necessary to introduce new taxes and increase rates on existing taxes. Because of the nature of provincial and municipal tax structures, increases customarily take place in the consumption and property tax fields. In recent years gasoline and general sales tax increases have been common. However federal abatements on personal income tax and corporation taxes have allowed more tax room in these fields to provincial governments.

Third, federal government personal income tax abatements increased substantially in 1962–63 when new tax-sharing arrangements were completed and all provinces levied their own corporation and personal income taxes. Prior to 1962–63 Ontario and Quebec alone levied their own corporate income taxes and Quebec levied her own personal income tax. Under the earlier system, the rental rate (or abatement rate for non-agreeing provinces) on the personal income tax was 13 per cent. The abatement under the new arrangements was increased to 16 per cent in 1962–63 and increased annually by one point until 1964–65, when it reached 18 per cent. It will increase by 3 points in 1965–66 (to 21 per cent) and by a further 3 points in 1966–67, to reach 24 per cent.

Finally, with the new arrangements beginning in 1962–63, there was also an increase in unconditional transfers to the provincial governments. Further, in 1964–65, the equalization formula was revised resulting in a substantial increase in total payments from the federal government to the provinces.



EMPLOYMENT AND EARNINGS

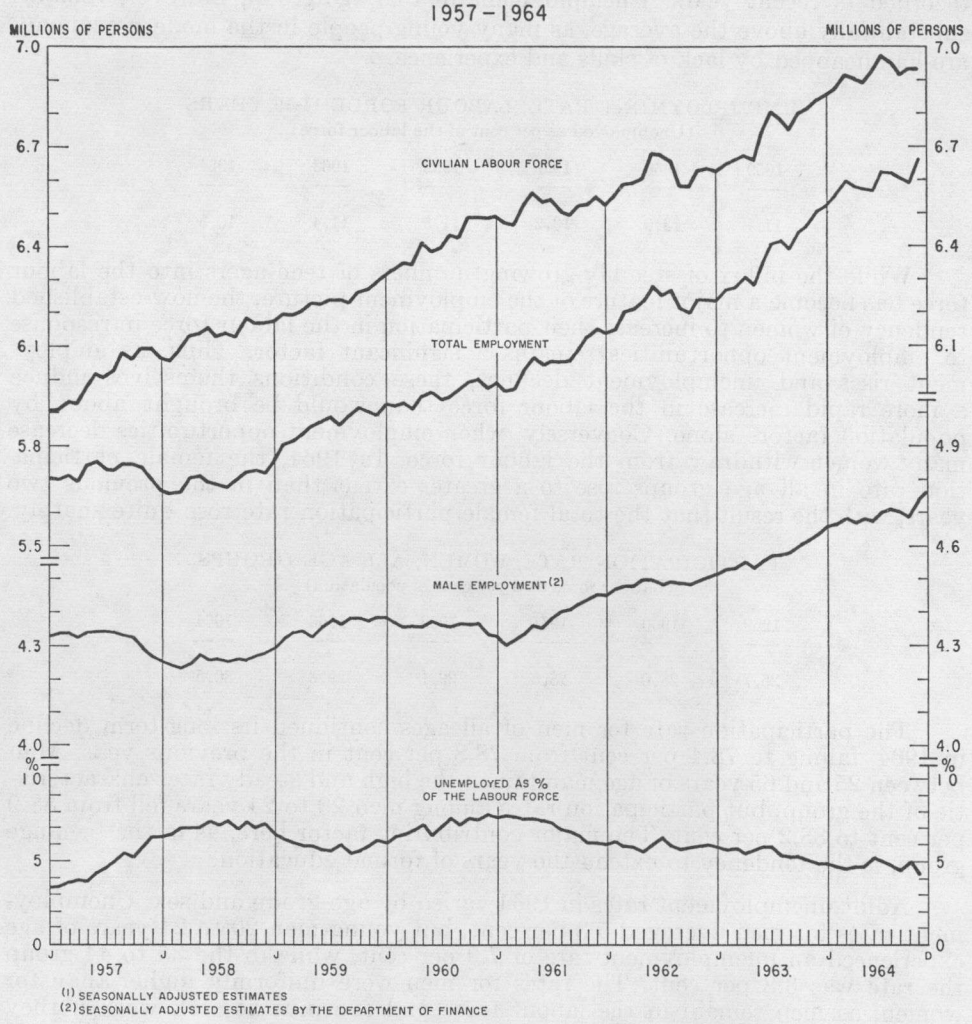
Both the labour force and the number of people with jobs again rose in 1964. At the end of the year, despite another substantial increase in new-comers to the labour market, the unemployment rate (apart from seasonal influences) was lower than it had been in any month since early 1957.

The total civilian labour force in 1964 grew by 183,000 persons, or 2.7 per cent, over the 1963 average. The number of employed rose by 231,000 or 3.6 per cent. Unemployment, expressed as a percentage of the labour force, dropped from the 1963 average of 5.5 per cent to an average of 4.7 per cent in 1964. These developments are illustrated in the following chart.

The growth in the labour force consisted of an increase of 102,000 women and 81,000 men, as the female participation rate continued to edge up. The participation rate is the percentage of the total number of people in a given age group who are at work or are actively seeking work. The total participation rate for males continued its long-term decline in 1964, although it rose temporarily during the summer months, when demand for labour was particularly strong and a number of older workers returned to the labour force for a limited period. The student participation rate also rose slightly during the summer, reflecting to some extent the greater availability of jobs.

The teen-age population, 14 to 19 years of age, rose by 102,000 persons in 1964. This rise, like that of 1963, was a reflection of the sharp upward shift in the birth rate which occurred after the end of the second world war.

THE LABOUR FORCE[1]
1957 – 1964



[1] SEASONALLY ADJUSTED ESTIMATES
[2] SEASONALLY ADJUSTED ESTIMATES BY THE DEPARTMENT OF FINANCE

ANNUAL INCREASE, POPULATION 14–19 YEARS
(Thousands of persons)

1959	1960	1961	1962	1963	1964
68	74	77	80	91	102

The teen-age labour force rose by 28,000, as many of these young people entered the labour market permanently. At the same time, the teen-age participation rate continued its long-term decline, owing to the continued trend towards a longer period of formal education.

PARTICIPATION RATE, POPULATION 14–19 YEARS
(Labour force as a per cent of population)

1959	1960	1961	1962	1963	1964
37.9	37.9	36.5	35.4	34.6	34.2

The teen-age unemployment rate fell slightly in 1964, to the lowest level recorded in recent years. Unemployment in this age-group, however, remains substantially above the average, as many young people in the modern economy are handicapped by lack of skills and experience.

UNEMPLOYMENT RATE, LABOUR FORCE 14-19 YEARS
(Unemployed as per cent of the labour force)

1959	1960	1961	1962	1963	1964
11.1	13.0	13.2	11.5	11.4	10.3

While the influx of steadily-growing numbers of teen-agers into the labour force has become a major feature of the employment picture, the now-established tendency of women to increase their participation in the labour force in response to employment opportunities remains a significant factor. Thus, as employment rises and unemployment declines, these conditions themselves induce a more rapid increase in the labour force than would be brought about by population factors alone. Conversely, when employment opportunities decrease many women withdraw from the labour force. In 1964, the female participation rate in all age groups rose to a greater extent than in the previous two years, with the result that the total female participation rate rose quite sharply.

PARTICIPATION RATE, WOMEN, ALL AGE GROUPS
(Labour force as a per cent of population)

1959	1960	1961	1962	1963	1964
26.7	28.0	28.8	29.1	29.6	30.5

The participation rate for men of all ages continued its long-term decline in 1964, falling to 78.4 per cent from 78.8 per cent in the previous year. Men between 25 and 65 years of age maintained the high and steady rates characteristic of the group, but participation rates among men 20 to 24 years fell from 88.9 per cent to 88.2 per cent. The major contributing factor here, as in the teen-age group, is the tendency to extend the years of formal education.

Adult unemployment rates in 1964 varied by age-group and sex. Unemployment rates for men averaged 5.3 per cent, but young men 20 to 24 years of age experienced an unemployment rate of 7.9 per cent, while in the 35 to 44 group the rate was 3.8 per cent. The rates for men were uniformly higher than for women, as men remain in the labour force and continue to seek work if they become unemployed, whereas women (as observed above) tend to withdraw in the same circumstances. The 1964 average unemployment rate for women of all ages was 3.1 per cent. In the 20 to 24 age-group the percentage was 3.0, and in all other adult groups recorded, the level of unemployment was even lower.

Regional developments in 1964 employment revealed a further substantial improvement in unemployment conditions in the Atlantic and Quebec regions, although all parts of Canada experienced a more rapid increase in employment than in labour force.

Unemployment expressed as a percentage of the labour force therefore declined in all regions. The decline was particularly marked in the Atlantic region and Quebec, although there was a further marked improvement also in British Columbia. The declines in Ontario and the Prairie region, where unemployment was already lower, were smaller. Thus, the sharp increase in employment which occurred in 1964 was achieved without the development of generalized pressures in the labour market.

The 3.6 per cent growth in employment in 1964 was accompanied by a 8.7 per cent increase in wages, salaries and supplementary labour income. Average hourly earnings in manufacturing rose by 3.1 per cent from $1.95 to $2.01 (11 months data period). Earnings in construction industry rose from $2.14 to $2.25, a rise of 5.1 per cent, and in mining from $2.24 to $2.31, a rise of 3.1 per cent. Average weekly hours of work in manufacturing rose from 40.8 to 41.2 and average weekly earnings in manufacturing rose by 4.2 per cent from $86.17 to $89.81.

TABLE 18

REGIONAL INCREASES IN LABOUR FORCE AND EMPLOYMENT

(Annual averages—thousands of persons)

	1962/1961		1963/1962		1964/1963	
	Labour Force	Employment	Labour Force	Employment	Labour Force	Employment
Atlantic	8	10	1	8	13	22
Quebec	30	59	50	49	46	63
Ontario	19	47	52	62	78	89
Prairies	21	28	7	10	21	26
British Columbia	13	22	17	19	27	32
Totals	90	168	129	147	183	231

(Totals may not add due to rounding).

TABLE 19

UNEMPLOYMENT AS A PERCENTAGE OF THE LABOUR FORCE

(By region—annual averages)

	1961	1962	1963	1964
Canada	7.2	5.9	5.5	4.7
Atlantic	11.1	10.7	9.5	7.8
Quebec	9.3	7.5	7.5	6.3
Ontario	5.5	4.3	3.8	3.3
Prairies	4.6	3.9	3.7	3.0
British Columbia	8.5	6.7	6.3	5.3

PRICE AND COST TRENDS

Relative stability of prices and costs was maintained across the economy as a whole throughout the year, despite the high level of employment attained in some regions in 1964. The generally stable price environment reflected the availability of adequate productive capacity in most industries, rising productivity per worker, and only moderate advances in wage-rates and hourly earnings. In the field of export and import prices, further price changes made in adjustment to the situation created by the devaluation of mid-1962 were less significant than the effects of changes in the world prices of many commodities important to the Canadian economy. Domestic prices and costs, as measured in the GNE implicit price deflator, continued the slight upward trend of recent years.

The cycle-on-cycle charts on page 40 show the movements of some major price series over the course of the current business cycle, in comparison with developments in the two preceding periods of recession and upswing. These charts illustrate the sensitivity of the Canadian economy to changes in relative price levels in the international economy, both in the wholesale price index (which is heavily weighted with import and export goods) and in the consumer price index, which is influenced in part, in some cases with a substantial lag, by the movement of the wholesale index. The effects of the 1960-1962 changes in exchange rate values, which caused wholesale and (eventually) consumer prices to rise, although to a far lesser extent, can be seen on these charts.

The substantial changes in 1964 in world prices of non-ferrous metals products had some effect on the wholesale price index and some relevant sub-indexes, as shown in Table 20. Changes in import and export price indexes influence as well the implicit price deflator which is applied to the Gross National Expenditure and its components to derive a constant-dollar GNE. Table 21 shows the year-to-year changes in these various measures of price change.

TABLE 20

PERGENTAGE CHANGES IN WHOLESALE PRICE INDEXES

(Annual averages)

—	1961/1960	1962/1961	1963/1962	1964/1963
General Index	+1.0	+2.9	+1.9	+0.3
Vegetable Products	—	+4.2	+7.6	−1.9
Animal Products	+2.9	+3.1	−2.6	−1.8
Textile Products	+2.0	+2.9	+2.8	+0.1
Wood Products	+0.4	+3.5	+2.4	+2.4
Iron Products	+0.7	−0.7	−1.0	+1.1
Non-Ferrous Metals and Products	+2.1	+5.8	+2.8	+4.2
Non-Metallic Minerals and Products	−0.2	+2.1	+0.2	+0.7
Chemical Products	+0.3	+1.0	−0.6	+1.0
Industrial Materials	+1.2	+2.0	+2.2	+1.9

TABLE 21

IMPLICIT PRICE INDEXES OF G.N.E. AND COMPONENTS

(percentage price changes)

—	Year 1962/1961	1963/1962	1964/1963
Personal expenditure	+1.3	+1.5	+1.5
Non-durable goods	+1.3	+1.7	+1.7
Durable goods	−0.3	+0.4	−1.1
Services	+2.0	+1.5	+2.2
Government expenditure	+2.9	+4.1	+2.6
Business gross fixed capital formation	+2.6	+2.6	+3.6
New residential construction(1)	+2.8	+3.5	+5.7
New non-residential construction(1)	+2.2	+2.6	+2.7
New machinery and equipment	+2.7	+2.2	+3.2
Exports of goods and services	+3.1	+1.1	+2.3
Imports of goods and services	+4.1	+2.9	+1.7
Gross National Expenditure	+1.5	+1.8	+2.3

(1) Price indexes of these sectors are measured by elements entering into costs (materials and labour purchased) rather than final selling prices, and generally it has not been possible to allow for changes in productivity. Over short periods of time, these cost indexes are not likely to vary to any extent from indexes of actual selling prices. Over longer periods, it may be that these cost deflators overstate price increases.

TABLE 22

COMPARATIVE PRICE CHANGES, 1961-1964

(Year-to-year percentage changes)

—	Dec. 1962 / Dec. 1961	Dec. 1963 / Dec. 1962	Dec. 1964 / Dec. 1963
Consumer Price Index	+1.6	+1.7	+1.9
General Wholesale Price Index	+2.4	+1.3	+0.3
Non-ferrous metals products	+3.4	+2.9	+6.0
Total fully manufactured goods	+2.4	+1.6	−0.1
G.N.E. deflator (1)	+2.2	+1.7	+2.4
Import Price Index(1)	+2.7	+3.2	+0.1
Export Price Index(1)	+1.7	+1.9	+1.6

(1)Fourth Quarter

The consumer price index average in 1964 rose by 1.8 per cent, about the same as the rise which occurred in 1963. Within the total index, the price index for services rose by 2.5 per cent, as the price of services continued its long-term upward trend. Other sub-aggregates rose less. These changes are set out in Table 23.

TABLE 23

PERCENTAGE CHANGES IN CONSUMER PRICE INDEXES

(Annual averages)

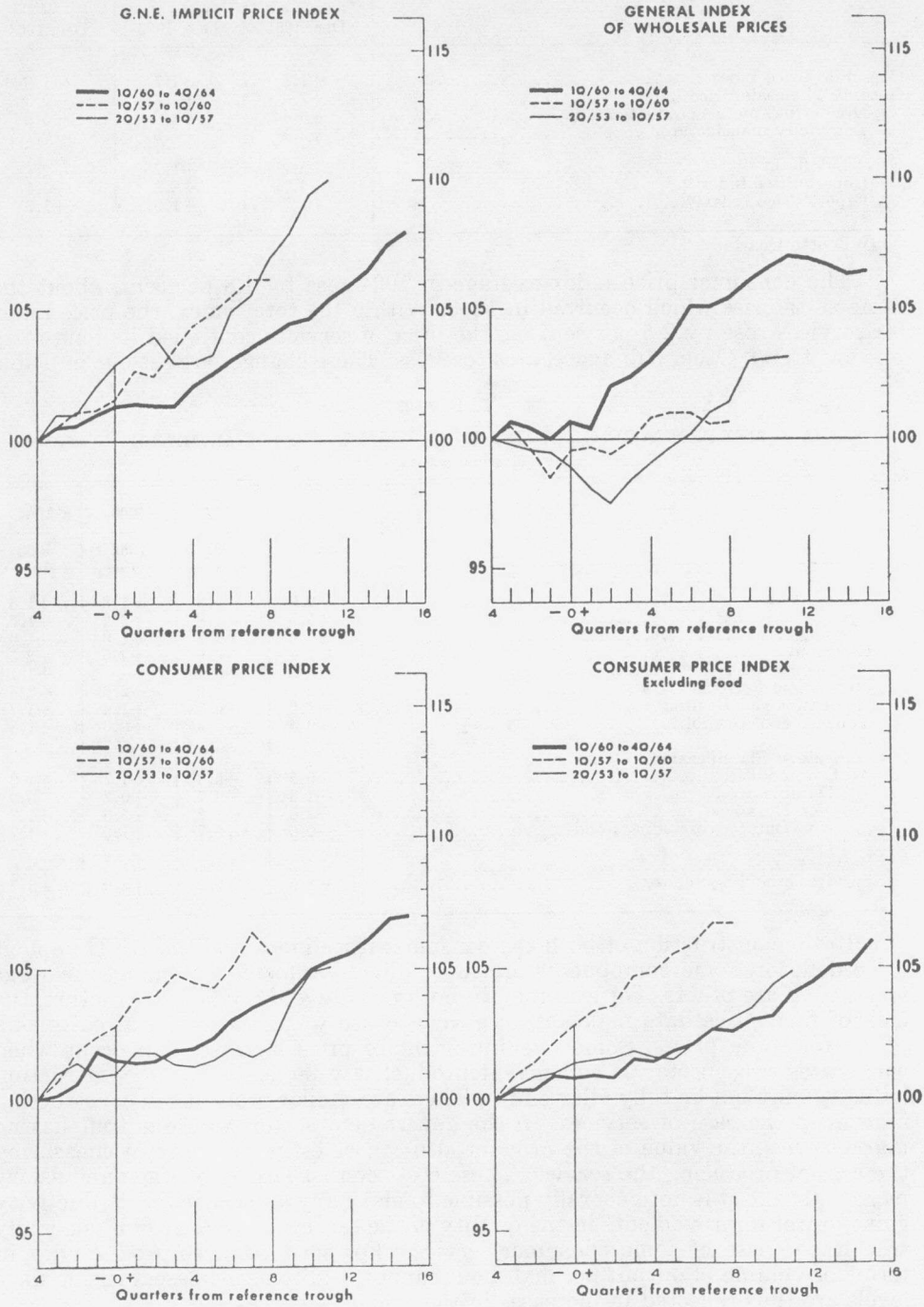
—	1961 / 1960	1962 / 1961	1963 / 1962	1964 / 1963
Total—All Items	+0.9	+1.2	+1.8	+1.8
Food	+1.5	+1.8	+3.2	+1.6
Housing	+0.4	+1.2	+1.0	+1.6
Clothing	+1.4	+0.9	+2.5	+2.5
Transportation	+0.2	−0.1	—	+1.1
Health and Personal Care	+0.5	+1.9	+2.6	+3.4
Recreation and Reading	+1.2	+0.8	+1.4	+1.7
Tobacco and Alcohol	+0.4	+1.3	+0.3	+1.8
Supplementary Classifications				
All Commodities	+0.5	+0.8	+1.7	+1.3
Durables	−1.8	−0.7	+0.2	−0.9
Non-Durables	+1.0	+1.2	+2.0	+1.7
Non-Durables excluding Food	+0.6	+0.7	+1.0	+1.7
Services	+1.3	+1.4	+1.4	+2.6
Services excluding Shelter	+1.9	+2.1	+2.0	+3.7

In the construction of both the consumer price index and the GNE implicit price deflator, some components are more directly affected by changes in wage levels than are others. For example, in both private and public construction, the lack of final price data makes it necessary to use wage and material costs as a proxy for some prices. Some overstatement of price increases can occur when wage-rates rise, insofar as concurrent productivity increases in the construction industry may not be fully allowed for. There are similar problems in constructing indexes in the case of services. In the government sector, whose output has no market price, the value of the product also can be estimated only by measuring the cost of producing the service. These costs consist largely of wage and salary payments, and it is not generally possible to make any allowance for productivity gains, or for improvements in the quality of the service produced. This is equally true in the case of some consumer services. For some services productivity in terms of volume of output per man-hour cannot readily be increased. Rising wage levels are thus reflected in increases in the price of services.

SELECTED PRICE INDEXES

CYCLE-ON-CYCLE SERIES

Previous BusinessCycle Peak=100



Developments in labour income, cost per unit of output and real output in manufacturing are depicted graphically in the chart on page 42. Real manufacturing output in 1964 rose by 8.6 per cent, and output per production worker man-hour by 2.8 per cent. Average hourly earnings in manufacturing were 3.1 per cent higher, and there was a fractional increase, of the order of 0.3 per cent, in wage costs per unit of output in 1964 over 1963. The wholesale price index of fully or chiefly-manufactured goods rose by 0.9 per cent. The rise in prices of consumer goods, which was somewhat higher than the rise at the wholesale level during the year, was also in part a reflection of rising costs in those service industries, such as wholesale and retail trade and business and commercial services, which are engaged in the task of distributing to the final purchaser the product of the factories. Some higher taxes, particularly on alcohol and gasoline, also affected consumer prices in 1964. Table 24 summarizes recent changes in some prices and costs, on a comparative basis.

TABLE 24

RECENT CHANGES IN COSTS AND PRICES

(Percentage changes)

—	1963/1962	1964/1963
Average Hourly Earnings in Manufacturing	+3.7	+3.1
Average Weekly Wages and Salaries Industrial Composite	+3.5	+3.7
General Wholesale Price Index	+1.9	+0.3
Consumer Price Index	+1.8	+1.8
Price of U.S. Dollar	+0.9	—
G.N.E. Implicit Price Index	+1.8	+2.3

—=no change

The general stability in unit wage-costs in manufacturing, supported by the lack of significant pressure in other price aggregates, has continued to be a source of strength in Canada's international competitive position. Table 25 shows the changes recorded in wages and prices in Canada and six major competitors in world markets, during the two years ending second quarter 1964. These changes continue a trend of similar annual magnitudes, in which over a period of three or more years, when the Canadian dollar moved to a lower level, only the U.S. has recorded greater stability than Canada. Rising prices and costs in other countries are improving the price and profit situation for Canadian producers competing both abroad and in domestic markets.

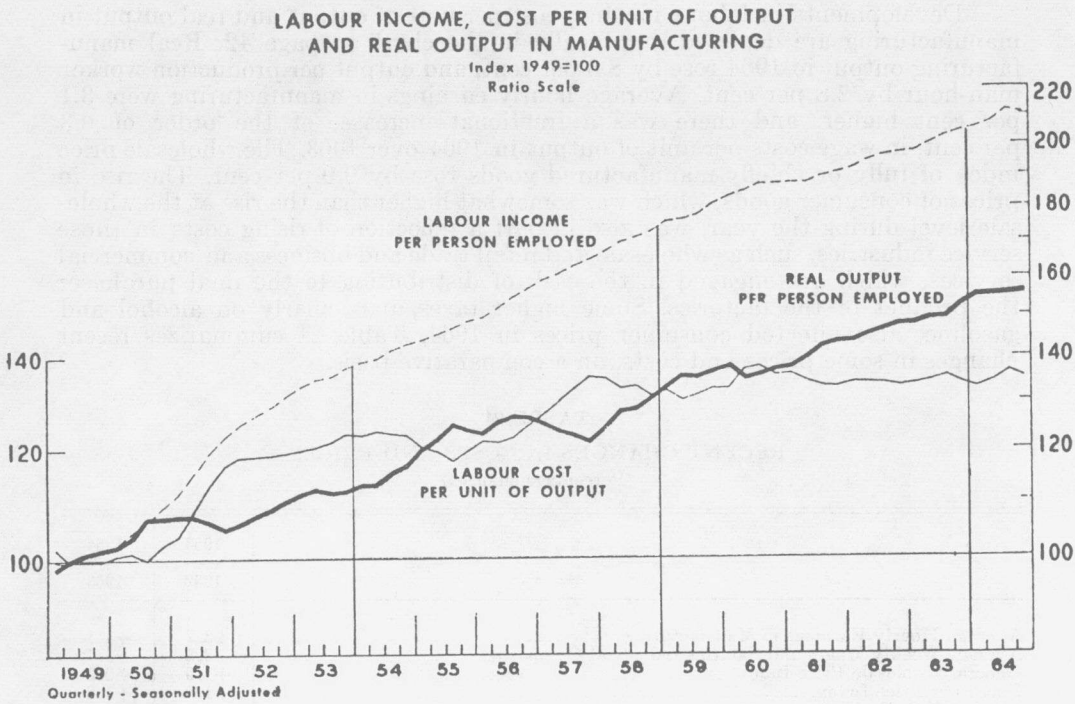
TABLE 25

CHANGES IN PRICES AND WAGES OVER THE TWO YEARS ENDING 2ND QUARTER 1964 UNLESS SPECIFIED

(Percentage changes)

	Consumer Price Index	Wholesale Prices	Hourly Earnings in Mfg.
Canada	+3.7(1)	+1.2(1)	+7.2(1)
U.S.	+2.6	−0.1	+6.6(1)
U.K.	+4.4	+4.9	+8.6
Germany	+5.0	+2.0	+14.9
France	+8.3	+4.4	+16.7(1)
Japan	+11.6	+1.8	+22.0
Italy	+13.5	+8.4	+33.1

(1)Third quarter comparisons.



BALANCE OF INTERNATIONAL PAYMENTS

The deficit on Canada's external current account in 1964 of $453 million compares with that of $557 million incurred in 1963. The outturn for the year as a whole obscures some substantial changes in the size of the deficit during the course of the year, partly as a result of the timing of export deliveries of large orders of wheat, and partly as a result of some special factors affecting the timing of imports. The net effect of all this was a much lower deficit (on a seasonally adjusted basis) in the middle quarters of the year and higher deficits in the first and last quarters of 1964, as compared with the year as a whole.

It is particularly difficult to assess Canada's external position in 1964 simply in terms of the outturn on current account. The most obvious (but by no means the only) special factor operating in 1964 was the completion of the exceptional export of wheat and flour to the Soviet Union, begun in the previous year. Subtraction of the value of these shipments from Canadian exports would imply current account deficits of about $750 million in both 1963 and 1964. Not only is this, in itself, some improvement on the deficit of $874 million incurred in 1962; but even as between 1963 and 1964 it represents some relative reduction of the deficit when measured against rising national income, previous cyclical expansions, and a pattern of demand more heavily influenced by investment. Moreover, the contract with the Soviet Union was only one, though the largest, of a number of such contracts with the countries of Eastern Europe, and Communist China; and the earnings involved cannot simply be deducted from the export side of the balance sheet, since they will both have provided the means of payment, and generated demand, for additional imports. Therefore, when the balance of payments is referred to as "ex-wheat" or "ex-Russian wheat" in the following analysis, it must be remembered that this is simply a statement of actual levels of performance, and not of what would have happened in the absence of any special wheat sales.

There was a rise in the surplus on merchandise trade in 1964, which came about as exports increased by 16 per cent, while imports grew by 15 per cent. In all, this led to a surplus amounting to $700 million, in contrast to a surplus of $503 million in 1963. Non-wheat exports rose by 16 per cent, rising more or less steadily throughout the year, following a very sharp upsurge in the latter part of 1963 and the early months of 1964. Imports, by contrast, after rising sharply throughout 1963 and into the early part of 1964, declined about mid-year and did not show any pronounced trend thereafter. The levels of imports in the early part of the year were associated with heavy purchases of machinery. The fourth quarter level of imports was affected by automobile strikes in the United States which held down the import of automobiles and parts.

The major improvement on merchandise trade account in 1964 was partly offset by a widening of the deficit on non-merchandise account which amounted to $93 million. Within the non-merchandise account, an improvement on freight and shipping transactions associated with movements on trade account was more than offset by other items. Travel expenditures swung by $72 million from a small surplus in 1963 to a small deficit in 1964. It would appear that, in this sector, the impact of devaluation has probably worked itself out; the swing likely also reflects rising levels of personal income in Canada, reductions in air fares to Europe, and poor weather during the summer of 1964 in Canada. Net out-payments of interest and dividends rose for the fourth successive year. The deficit on miscellaneous current transactions (such as business services) increased slightly. As a result, the total non-merchandise deficit rose again to $1,153 million in 1964, or to approximately the same level as in 1961, after being about $100 million less in the intervening two years.

TABLE 26

INTERNATIONAL PAYMENTS: CURRENT ACCOUNT

	1959	1960	1961	1962	1963	1964
	(Millions of dollars)					
Current Receipts—						
Merchandise exports (adjusted)	5,150	5,392	5,889	6,380	7,082	8,238
Gold available for export	148	162	162	155	154	144
Travel expenditures	391	420	482	562	609	661
Interest and dividends	182	173	209	202	223	287
Freight and shipping	420	442	486	509	560	642
Inheritances and immigrants' funds	109	102	103	124	149	166
Other current receipts	392	419	403	451	449	468
Total Current Receipts	**6,792**	**7,110**	**7,734**	**8,383**	**9,226**	**10,606**
Current Payments—						
Merchandise imports (adjusted)	5,572	5,540	5,716	6,203	6,579	7,538
Travel expenditures	598	627	642	605	589	713
Interest and dividends	671	653	770	794	869	960
Freight and shipping	525	533	568	595	641	703
Inheritances and emigrants' funds	165	181	174	175	182	191
Official contributions	72	61	56	36	61	68
Other current payments	693	758	790	849	862	886
Total Current Payments	**8,296**	**8,353**	**8,716**	**9,257**	**9,783**	**11,059**
Balance on Merchandise Trade	−422	−148	+173	+177	+503	+700
Balance on other Transactions	−1,082	−1,095	−1,155	−1,051	−1,060	−1,153
Current Account Balance	**−1,504**	**−1,243**	**−982**	**−874**	**−557**	**−453**

On the capital side, the inflow of long-term capital which had been substantially reduced in the latter part of 1963, rose markedly in the course of 1964. Following an outflow of $37 million in the first quarter, there were inflows of $116 million, $171 million and $477 million in the second, third and fourth quarters of 1964. Largely accounting for this increase were substantial receipts from the delivery of new issues of Canadian securities. Some of these issues resulted from deliveries contracted for earlier, and from the "backlog" which arose in the course of the year, pending the enactment of the Interest Equalization Tax in the United States, and the accompanying "Canadian exemption" for new issues.

Movements of short-term capital during 1964 were important. In the first and second quarters there were inflows of $338 million and $108 million respectively, which were reversed by outflows of $230 million and $127 million in the third and fourth quarters. In the first quarter the net balance on long-term and short-term capital was not large enough to offset the deficit on current account and consequently, Canada's official holdings of gold and foreign exchange decreased by $127 million. In the second, third and fourth quarters, official reserves increased by $62 million, $97 million and $54 million. Canada's net position in the International Monetary Fund, that is the net resources provided by Canada to the IMF, increased by $277 million over the year. Of this amount $213 million represented the liquidation of an obligation to repay. The remaining $64 million represented Canada's creditor position in the IMF and under the General Arrangements to Borrow, which arose from drawings of Canadian currency by other members.

TABLE 27

SUMMARY OF BALANCE OF PAYMENTS

(not seasonally adjusted)

	1963				1964			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
Merchandise Trade Balance	+ 74	+ 74	+151	+204	+ 33	+149	+356	+162
Deficit on Non-Merchandise Transactions	−322	−278	−135	−325	−376	−305	−141	−331
Current Account Balance	−248	−204	+ 16	−121	−343	−156	+215	−169
Capital Movements (+ = inflow) (− = outflow)								
Long-Term Forms	+375	+209	+ 33	− 4	− 37	+116	+171	+477
Short-Term Forms	− 61	+106	−108	+153	+338	+108	−230	−127
Sub-total	+ 66	+111	− 59	+ 28	− 42	+ 68	+156	+181
Change in official holdings of gold and foreign exchange expressed in Canadian dollars (+ = increase) (− = decrease)	+ 66	+111	−145	+ 28	−127	+ 62	+ 97	+ 54
Net International Monetary Fund position	...	...	+ 86	...	+ 85	+ 6	+ 59	+127
	+ 66	+111	− 59	+ 28	− 42	+ 68	+156	+181

A more detailed exposition of these developments follows.

Current Account

With some renewed growth in the size of the non-merchandise deficit, the overall improvement on current account in 1964 was wholly due to the increased surplus on merchandise trade.

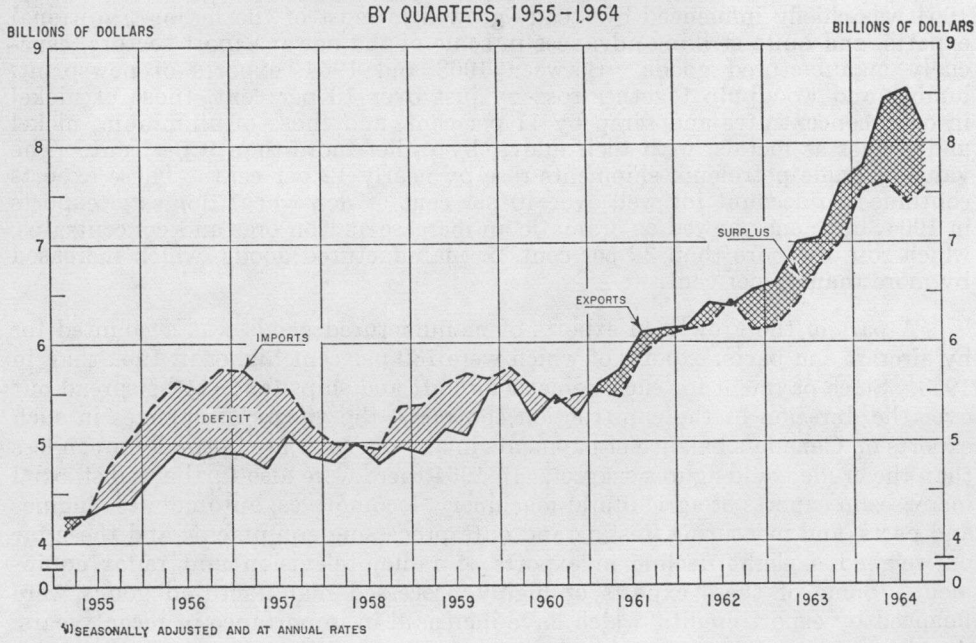
TABLE 28

BALANCE OF PAYMENTS ON CURRENT ACCOUNT: MERCHANDISE AND NON-MERCHANDISE BALANCE 1946–1964

	Merchandise Trade	Non-Merchandise Trade	Current Account Balance
	(Millions of dollars)		
1946	+571	−208	+363
1947	+188	−139	+ 49
1948	+432	+ 19	+451
1949	+293	−116	+177
1950	+ 10	−344	−334
1951	−147	−370	−517
1952	+489	−325	+164
1953	− 58	−385	−443
1954	+ 13	−445	−432
1955	−211	−487	−698
1956	−728	−638	−1,366
1957	−594	−861	−1,455
1958	−179	−952	−1,131
1959	−422	−1,082	−1,504
1960	−148	−1,095	−1,243
1961	+173	−1,155	−982
1962	+177	−1,051	−874
1963	+503	−1,060	−557
1964	+700	−1,153	−453

From a peak deficit of $728 million on merchandise trade in the strong investment year of 1956, there has now been a swing of about $1.4 billion to a surplus of $700 million in 1964, although the latter year is affected by the special shipments of wheat under the Russian contract. Simple deduction from exports of the wheat sales under the Russian contract would still leave merchandise surpluses of approximately $300 million in 1963 and $400 million in 1964. The deficit on non-merchandise transactions rose in 1964, although it has not varied

IMPORTS AND EXPORTS OF MERCHANDISE[1]
BY QUARTERS, 1955–1964



[1] SEASONALLY ADJUSTED AND AT ANNUAL RATES

by much more than $50 million around an average of $1,100 million for the past six years. A substantial part of the increase was accounted for by a reversal of an earlier improvement on travel account, and most of the remainder by increased net payments of interest and dividends to non-residents. A modest improvement on freight and shipping and inheritances and migrants' funds was largely offset by lower production of gold for export and by higher official contributions. There was a slightly higher deficit on other non-merchandise transactions.

In 1964, total merchandise exports including re-exports were 16.3 per cent higher than in 1963. For all goods other than wheat, the increase in 1964 was 16 per cent; excluding the special shipments of wheat and flour to the Soviet Union, but including all other wheat, exports of which increased moderately, the rise was 15 per cent. By any of these standards, the improvement in exports outweighed the 14.6 per cent rise in imports in 1964.

On a quarterly basis, and allowing for seasonal factors, the improvement in the merchandise surplus gathered momentum very strongly during the first three quarters of the year, in contrast to the relatively level pattern shown in 1963. In the first quarter of 1964, imports of goods were already more than 14 per cent up on the average for 1963, in response to the heavy investment expenditures undertaken in that quarter. They then rose only slightly from the first to the second quarter, and fell back again in the third. There was some increase in the fourth quarter, although the automobile strikes in the United States held down the level of imports of automobiles and parts. Since wheat sales in particular raised exports substantially in both the second and third quarters, the trade surplus was running at an annual rate of well over a billion dollars by the third quarter, more than four times the level in the first. The completion of the special wheat sales to Russia in the third quarter and the increase in imports in the fourth led to a reduction in the merchandise surplus in the final quarter of the year from the exceptionally high level reached in the third quarter.

Apart from the special wheat sales, the pattern of export performance in 1964 was chiefly influenced by steady growth in most of the major traditional exports, and quite striking advances in some of the newer export sectors, especially manufactured goods. Between 1963 and 1964, exports of newsprint, lumber and woodpulp together rose by just over 10 per cent, those of nickel in ores, concentrates and scrap by 11 per cent, and those of aluminum, nickel and copper as metals, with their alloys, by rather more than 9 per cent. The value of crude petroleum shipments rose by nearly 12 per cent. These exports continued to account for well over 40 per cent of non-wheat domestic exports in 1964; but none showed as dramatic an increase as iron ores and concentrates, which rose by more than 32 per cent, or manufactured goods, which increased by more than 41 per cent.

A part of the growth in exports of manufactured goods was accounted for by aircraft and parts, exports of which were 130 per cent higher in 1964 than in 1963. Since payment for such items as aircraft and ships tends to be spread out over the duration of the construction contracts, the effects of changes in such exports on Canada's balance of payments in any one year are normally much less than the crude trade figures suggest. In 1964 there were also further substantial increases in exports of agricultural machinery, locomotives, automobiles, engines and parts, and measuring, testing and data processing equipment; and these far outweighed a slight decline in exports of radio, television and radar equipment. Some of these exports of highly processed manufactured goods were financed by export credits, which have increased in importance in recent years.

TABLE 29

MERCHANDISE EXPORTS BY COMMODITY GROUPS 1961 AND 1964*

—	Farm and Fish Products	Forest Products	Metals and Minerals	Chemicals and Fertilizers	Other Manufactured and Miscellaneous	Re-Exports	Total
1961 million dollars	1,301	1,623	1,861	251	719	140	5,896
% of total	22.1	27.5	31.6	4.3	12.2	2.4	100.0
1964 million dollars	1,937	1,970	2,389	302	1,341	201	8,140
% of total (year ending Sept. 30)	23.8	24.2	29.3	3.7	16.5	2.5	100.0
% Increase 1964 over 1961	48.9	21.4	28.4	20.3	86.5	43.6	38.1

*Trade of Canada basis, excluding "Special Transactions—Non-Trade".

As in 1963, imports of automobile parts continued to rise strongly over the year as a whole in 1964, and there was also renewed growth in imports of complete automobiles. Farm equipment, tractors, non-farm machinery in general, and steel plate, sheet and strip were all imported in substantially higher volume than in the previous year; but there was a 3 per cent fall in the value of imports of crude petroleum in the first nine months of the year.

In terms of geographical areas, well over half the improvement in the favourable balance on merchandise trade with overseas countries was offset by an increase in the deficit with the United States. In 1964, the surplus with the United Kingdom increased by $138 million, or 28 per cent, and that with other overseas countries expanded 76 per cent, rising to $871 million partly, but not entirely, as a result of special sales of wheat; the surplus with these other overseas countries on items other than the wheat shipped to the Soviet Union rose from over $300 million in 1963 to roughly $565 million in 1964. The deficit with the United States, on the other hand, increased by 65 per cent, rising by $317 million to $805 million.

TABLE 30

GEOGRAPHICAL DISTRIBUTION OF MERCHANDISE AND NON-MERCHANDISE BALANCES

	United States		United Kingdom		Other Countries		All Countries	
	1963	1964	1963	1964	1963	1964	1963	1964
	(Millions of dollars)							
Merch. Exports (adjusted)	3,970	4,397	1,017	1,218	2,095	2,623	7,082	8,238
Merch. Imports (adjusted)	4,458	5,202	521	584	1,600	1,752	6,579	7,538
Trade Balance	−488	−805	+496	+634	+495	+871	+503	+700
Non-merch. receipts	1,507	1,589	279	355	358	424	2,144	2,368
Non-merch. payments	2,202	2,443	375	417	627	661	3,204	3,521
Non-merch. balance	−695	−854	−96	−62	−269	−237	−1,060	−1,153
Total current receipts	5,477	5,986	1,296	1,573	2,453	3,047	9,226	10,606
Total current payments	6,660	7,645	896	1,001	2,227	2,413	9,783	11,059
Current account balance	−1,183	−1,659	+400	+572	+226	+634	−557	−453

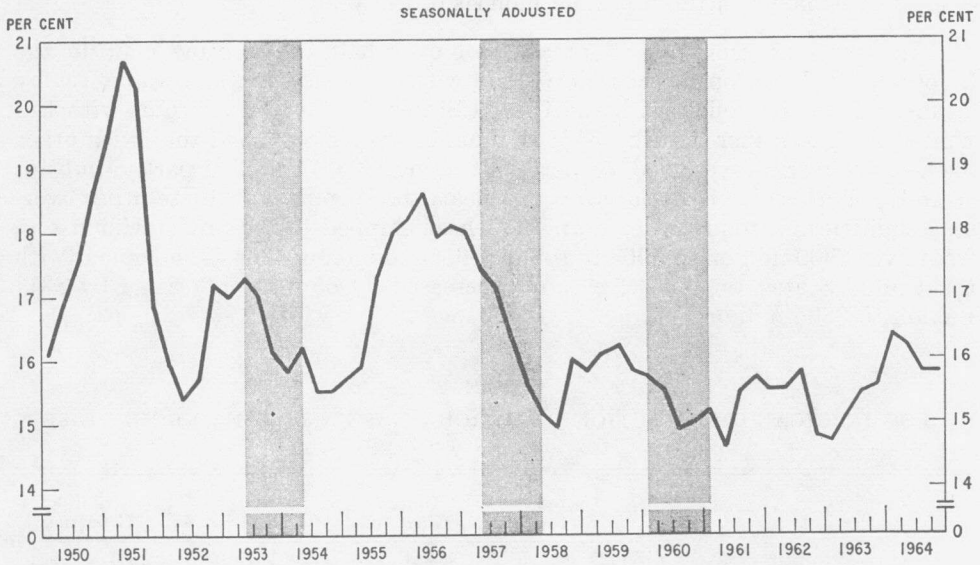
On non-merchandise account, the increase of $93 million in the overall deficit in 1964 was more than accounted for by transactions with the United States, on which the deficit increased from $695 to $854 million, while there was a smaller deficit with the United Kingdom and a fall of $32 million in that with all other countries.

There appears to have been a deterioration in Canada's terms of trade in merchandise, as the export price index rose by 1.7 per cent in 1964, as against a rise of 2.7 per cent in the first nine months in the import price index. The strengthening of export prices derived in part from strong rises in world prices for non-ferrous metals during 1964; although these have since fallen back in most cases, and much of Canadian export trade in this sector is based on longer term negotiated contracts rather than on world market prices, the general level of metal prices is now significantly higher than during the late fifties and early sixties.

Nevertheless, by far the greatest part of the rise in Canadian export earnings in 1964 was due to the higher physical volume of merchandise shipped.

In contrast to the experience of previous postwar business expansions, the merchandise account has not deteriorated; indeed there has been a fairly steady improvement in the merchandise balance. Although the share of merchandise imports in Gross National Expenditure rose in 1964 to around the level reached at the peak of the previous expansion, in 1959, it was well below the earlier peak ratios of 1951 and 1956.

IMPORTS OF GOODS AS A PERCENTAGE OF GROSS NATIONAL PRODUCT



SOURCE: D.B.S. NATIONAL ACCOUNTS, CURRENT DOLLAR SERIES

While it is not possible to quantify the effect of the 1962 devaluation and subsequent relative stability in costs and prices upon Canada's current external transactions, it seems clear that their impact upon the merchandise account has been substantial and significant.

Canada's commercial and industrial policies, as well, have combined to improve her competitive position. This has brought about not only continued expansion of total exports (to which the level of economic activity in Canada's foreign markets also made a major contribution) but also their diversification, and especially a further marked rise in exports of manufactures.

TABLE 31

BALANCE ON TRAVEL ACCOUNT

All Countries

	Receipts	Payments	Balance
	(Millions of dollars)		
1953	302	365	−63
1954	305	389	−84
1955	328	449	−121
1956	337	498	−161
1957	363	525	−162
1958	349	542	−193
1959	391	598	−207
1960	420	627	−207
1961	482	642	−160
1962	562	605	−43
1963	609	589	+20
1964	661	713	−52

Apart from travel expenditures, which have already been described, the deterioration on non-merchandise account as a whole in 1964 was due to increased net payments of interest and dividends to non-residents. The gross outflow on this account rose from $869 million in 1963 to $960 million in 1964, or by 10 per cent; income on Canadian investments abroad rose from $223 million to $287 million at the same time, or by 29 per cent, but as a result of the preponderance of outpayments in this account the deficit widened by $27 million, or over 4 per cent. Official contributions rose from $61 million in 1963 to $68 million in 1964.

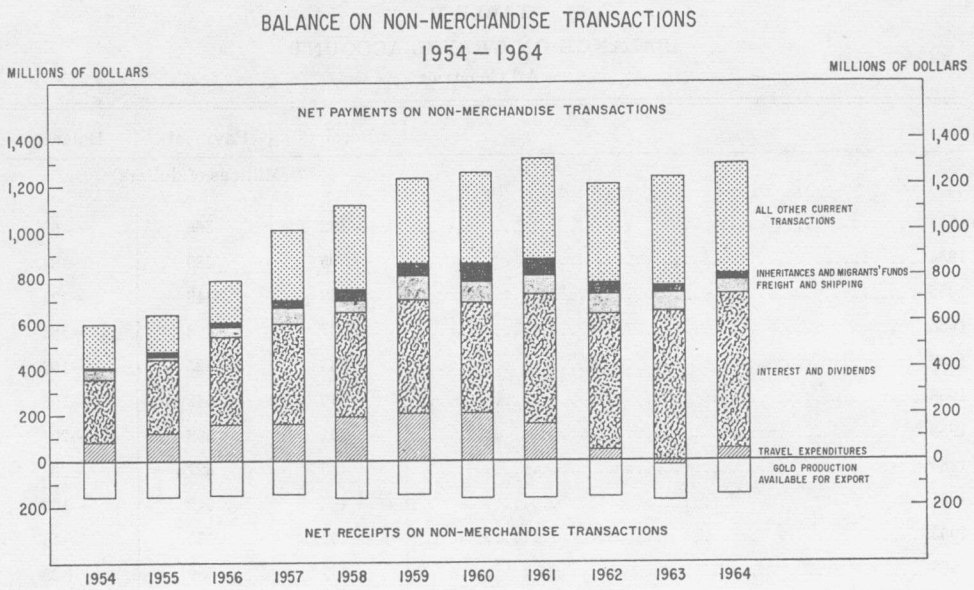
TABLE 32

NON-MERCHANDISE ACCOUNT

(Seasonally adjusted at annual rates)

(National Accounts Basis)

	Receipts	Payments	Balance
	(Millions of dollars)		
1Q 1963	1,948	2,920	−972
2Q 1963	1,968	2,932	−964
3Q 1963	1,992	3,076	−1,084
4Q 1963	2,072	3,160	−1,088
1Q 1964	2,192	3,312	−1,120
2Q 1964	2,124	3,200	−1,076
3Q 1964	2,184	3,308	−1,124
4Q 1964	2,308	3,500	−1,192



Capital Account

For the year 1964 as a whole there was a net capital inflow of about $800 million. The bulk of this net inflow was in the form of long-term capital, largely arising from sales of Canadian bonds. The amount of direct investment inflow remained at the relatively low level it had reached in 1963. Short-term capital inflows amounted to slightly less than $90 million for the year as a whole.

In the course of the year the movements of capital in long and short-term forms displayed sharp fluctuations. The announcement of the proposed Interest Equalization Tax in the United States in July 1963 had put a considerable strain on Canadian financial markets. Even with the exemption from the tax proposed for new issues of Canadian securities, the uncertainties pending the disposition of the legislation and their effect on financial markets had virtually caused the closing of the market for new issues in the United States for Canadian borrowers. By the fourth quarter of 1963, inflows of long-term capital in the form of direct investment and transactions in Canadian securities had also virtually disappeared. This trend continued through the first quarter of 1964. Subsequent to this, the net inflow of long-term capital increased substantially as deliveries on previously arranged new issues were received in larger amounts in the second quarter and some new issues began to be placed. In the last half of the year, the inflow of long-term capital was considerably above that of the first half. In particular the passage of the Interest Equalization Tax and the granting of the Canadian exemption were associated with a substantial increase in inflow from new issues which had been building up in anticipation of the passage of the Bill.

Movements of short-term capital in 1964 exhibited a different pattern with substantial inflows in the first half of the year being followed by outflows in the second half.

On balance, the total capital inflow in the first quarter of 1964 was not sufficient to cover the deficit on current account, and there was a decline in foreign exchange holdings. In the second quarter, the inflow of capital covered a smaller current account deficit and there was some increase in exchange holdings. In the third quarter, although the net movement of long and short-term

capital was outward, the seasonally high current account position (which was in surplus) more than offset the capital outflow. In that quarter there was an increase in exchange holdings and a reduction in Canadian dollar holdings of the IMF. In the final quarter of the year, the deliveries of long-term capital which had been building up in anticipation of the passage of the Interest Equalization Tax, along with other forms of capital inflow, more than offset the current account deficit and there was an increase of $54 million in Canada's official holdings of gold and foreign exchange. IMF holdings of Canadian dollars were also reduced further. For the year as a whole, the capital inflow was sufficient to cover the current account deficit. Official holdings of gold and foreign exchange reserves increased by $86 million and Canadian liabilities to the IMF amounting to $213 million were eliminated. In addition, Canada provided resources amounting to $64 million through the IMF to countries in balance of payments difficulties.

TABLE 33

INTERNATIONAL PAYMENTS: CAPITAL MOVEMENTS

—	1960	1961	1962	1963	1964
	(Millions of dollars)				
Direct investment in Canada	+650	+520	+495	+240	+165
Direct investment abroad	− 50	− 75	−109	−110	− 90
Canadian securities—					
Trade in outstanding bonds and debentures	+ 3	+ 61	+ 64	+ 39	+ 77
Trade in outstanding common and preference stocks	+ 51	+ 39	−116	−169	− 97
New issues	+447	+538	+728	+968	+1,053
Retirements	−265	−300	−320	−335	−357
Foreign securities (total)	− 19	− 34	− 65	+ 23	− 57
Loans and capital subscriptions by Gov't of Canada–					
Advances, etc	− 11	− 8	− 22	− 18	− 10
Repayments to Canada	+ 32	+ 37	+129	+ 25	+ 9
Columbia River Treaty, net[1]	−	−	−	−	+ 54
Long-term capital transactions not included elsewhere	+ 62	+132	−116	− 50	− 20
Change in Canadian dollar assets of foreigners—					
Deposits	+ 79	+ 34	− 13	+ 40	+ 25
Government of Canada demand liabilities[2]	− 12	− 2	− 4	+ 1	−
Canadian treasury bills	+ 56	− 58	+ 4	− 27	− 16
Canadian commercial paper				− 23	− 12
Canadian finance paper	+ 70	+100	+133	+ 52	+169
Canadian finance company obligations not included elsewhere				+ 69	+ 68
Bank balances and other short-term funds abroad	− 60	+140	+ 93	−255	−499
All other transactions	+171	+148	+148	+233	+354
Net Capital Movements excluding monetary items shown below	**+1,204**	**+1,272**	**+1,029**	**+703**	**+816**
Official monetary movements in the form of:					
Change in official holdings of gold and foreign exchange	− 39	+229	+537	+ 60	+ 86
Change in net International Monetary Fund position	−	+ 61	−378	+ 86	+277
Other special international financial assistance	−	−	− 4	−	−

[1] See reference to Columbia River Treaty on page 527.

[2] Demand notes of international investment agencies other than the International Monetary Fund, Trust and Deposit Account of U.S. Government with Government of Canada.

TABLE 34

INTERNATIONAL PAYMENTS: QUARTERLY CAPITAL MOVEMENTS

—	1963				1964			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
	(Millions of dollars)							
Direct investment in Canada	+67	+50	+60	+63	+50	+10	+30	+75
Direct investment abroad	−22	−37	−21	−30	−40	−45	—	−5
Canadian securities—								
Trade in outstanding bonds and debentures	+23	+27	−7	−4	+4	+14	+37	+22
Trade in outstanding common and preference stocks	−56	−44	−27	−42	−44	−8	−5	−40
New issues	+408	+394	+100	+66	+142	+313	+100	+498
Retirements	−52	−173	−40	−70	−109	−96	−58	−94
Foreign securities (total)	+4	+24	−3	−2	−6	−36	−5	−10
Loans and capital subscriptions by Government of Canada:								
Advances, etc.	—	—	−8	−10	−2	—	—	−8
Repayments to Canada	—	+6	—	+19	+4	+2	+1	+2
Columbia River Treaty, net[1]	—	—	—	—	—	—	+54	—
Long-term capital transactions not included elsewhere	+3	−38	−21	+6	−36	−38	+17	+37
Change in Canadian dollar assets of foreigners:								
Deposits	−29	+38	−12	+43	+19	−9	−37	+52
Government of Canada demand liabilities[2]	—	−3	—	+4	—	−3	—	+3
Canadian treasury bills	+9	−17	+18	−37	+4	+14	−16	−18
Canadian commercial paper	−39	+15	−11	+12	+27	−20	−19	—
Canadian finance paper	+9	−1	+12	+32	+67	+84	+7	+11
Canadian finance company obligations not included elsewhere	−4	+26	+14	+33	+32	+35	−2	+3
Bank balances and other short-term funds abroad	−62	−81	−137	+25	+154	−125	−160	−368
All other transactions	+55	+129	+8	+41	+35	+132	−3	+190
Net Capital Movement excluding monetary items shown below	**+314**	**+315**	**−75**	**+149**	**+301**	**+224**	**−59**	**+350**
Official monetary movements in the form of:								
Change in official holdings of gold and foreign exchange	+66	+111	−145	+28	−127	+62	+97	+54
Change in net International Monetary Fund position	—	—	+86	—	+85	+5	+59	+127

[1] See reference to Columbia River Treaty on page 527.

[2] Demand notes of international investment agencies other than the International Monetary Fund, Trust and Deposit Account of U.S. Government with Government of Canada.

Direct investment in Canada during 1964 amounted to $165 million or $75 million less than in 1963. The levels of capital inflow for direct investment in Canada in these two years were substantially below the levels reached during the decade 1953 to 1962. Over that ten year period, new direct investments in Canada, and the acquisition of existing businesses and refinancing, had aggregated close to $5.0 billion with more than half of these investments going into the petroleum, natural gas and mining industries.

Industrially, the largest part of the inflow for direct investment in 1964 was attracted by manufacturing enterprises, petroleum and natural gas industries. The outflow of capital for direct investment abroad amounted to $90 million in 1964, compared with an outflow of $110 million during 1963.

The volume of new issues of Canadian securities had been substantially reduced in the second half of 1963 and the first quarter of 1964. Proceeds of new issues, including deliveries of issues placed earlier, increased during the second quarter to $313 million. Following the enactment of the Interest Equalization Tax in early September and the granting of the Canadian exemption, there was a substantial increase in new issues abroad in the second half of 1964. As indicated in Table 35, new issues of Canadian bonds offered in the United States rose in the third quarter, and preceded a very large inflow in the fourth quarter. Towards the middle of the fourth quarter, long-term interest rates in Canada declined and the Canadian-U.S. interest rate differentials narrowed. A substantial reduction in the volume of new contracts arranged occurred late in the quarter.

TABLE 35

NEW ISSUES OF CANADIAN BONDS SOLD TO UNITED STATES RESIDENTS

Period	Offerings	Deliveries	Undelivered[1]
	(Millions of dollars)		
1963—			
1Q	512	394	451
2Q	126	368	209
3Q	30	92	147
4Q	30	50	127
1964—			
1Q	96	130	93
2Q	236	289	40
3Q	293	87	246
4Q	305	484	67

[1]At end of period.

Retirements of Canadian securities in 1964 amounted to $357 million. Since 1961, international transactions have involved substantial capital outflows for the retirements of Canadian securities held abroad. In that four year period, retirements of Canadian securities have amounted annually to approximately $330 million or some $100 million more each year than during the period 1958 to 1960.

During the decade 1952 to 1961, trade in outstanding Canadian stocks had resulted in average net sales by Canadians of approximately $100 million annually. Since the first quarter of 1962 trade in outstanding Canadian stocks has resulted in net repurchases by Canadians of $382 million. In the course of 1964, net repurchases of Canadian outstanding common and preference stocks declined from previous years' levels. However, the gross volume of trade in Canadian stocks, which had declined markedly in the second half of 1963, increased in 1964.

The net inflow of capital, resulting from trade in outstanding Canadian bonds and debentures, totalled $77 million in 1964 compared with $39 million in 1963. Gross trade in outstanding bonds and debentures, which had been substantially reduced in 1963, remained at low levels in the course of 1964.

TABLE 36

TRADE IN OUTSTANDING CANADIAN SECURITIES BETWEEN CANADA AND ALL COUNTRIES

Period	Canadian Bonds and Debentures			Canadian Common and Preference Stocks			Total		
	Sales To	Purchases From	Net	Sales To	Purchases From	Net	Sales To	Purchases From	Net
	(Millions of dollars)								
1962—									
1Q	225	228	− 3	250	263	−13	475	491	−16
2Q	192	188	+ 4	191	236	−45	383	424	−41
3Q	121	82	+39	114	140	−26	235	222	+13
4Q	162	138	+24	138	170	−32	300	308	− 8
1963—									
1Q	67	44	+23	124	180	−56	191	224	−33
2Q	85	58	+27	131	175	−44	216	233	−17
3Q	39	46	− 7	75	102	−27	114	148	−34
4Q	48	52	− 4	85	127	−42	133	179	−46
1964—									
1Q	38	34	+ 4	107	151	−44	145	185	−40
2Q	62	48	+14	164	172	− 8	226	220	+ 6
3Q	58	21	+37	137	142	− 5	195	163	+32
4Q	69	47	+22	127	167	−40	196	214	−18

+ = capital inflow
− = capital outflow

There were also some marked changes between 1963 and 1964 in transactions in foreign securities. Following a net inflow of $23 million in these transactions, in the course of 1963, there was a net outflow of $57 million in 1964. A swing of $82 million in net trade in outstanding foreign securities (from an inflow of $42 million to an outflow of $40 million) largely accounted for this development. Sales of outstanding foreign securities in 1964 amounted to $515 million, an increase of $85 million from 1963. Purchases from foreigners rose to $555 million from $388 million in 1963.

TABLE 37

TRADE IN OUTSTANDING FOREIGN SECURITIES BETWEEN CANADA AND ALL COUNTRIES

	Sales To	Purchases From	Net
	(Millions of dollars)		
1962—			
1Q	92	120	−28
2Q	97	130	−33
3Q	86	91	− 5
4Q	81	83	− 2
1963—			
1Q	80	75	+ 5
2Q	133	111	+22
3Q	88	92	− 4
4Q	129	110	+19
1964—			
1Q	122	126	− 4
2Q	149	178	−29
3Q	119	121	− 2
4Q	125	130	− 5

+ = capital inflow
-- = capital outflow

As a special financial arrangement between Canada and the United States in accordance with the Columbia River Treaty, Canada received an amount equivalent to Canadian $273.9 million as payment for its share of the first thirty years' production of downstream benefits. All but Canadian $53.9 million of this amount was invested by the Minister of Finance in medium-term non-marketable United States securities, amounting to US $203.9 million and maturing as follows:

COLUMBIA RIVER TREATY
OFFICIAL HOLDINGS OF MEDIUM-TERM NON-MARKETABLE
UNITED STATES GOVERNMENT SECURITIES

U.S. $ million

4%	maturing	November 1, 1965	$30.0 million
4¼%	"	November 1, 1966	30.0
4¼%	"	November 1, 1967	30.0
4¼%	"	November 1, 1968	30.0
4¼%	"	November 1, 1969	30.0
4¼%	"	November 1, 1970	30.0
4¼%	"	November 1, 1971	23.9

Upon their maturity, the proceeds of these funds are expected to be taken into the Exchange Fund Account. The equivalent of $53.9 million, corresponding to the difference between the receipts of $273.9 million and the holdings of $220 million in medium-term non-marketable United States securities in the hands of the Minister of Finance, was made available directly to the province of British Columbia for the purpose of retirement of foreign-held debt and represented an inflow of capital in the course of the third quarter.

Other long-term capital movements produced a net outflow of $20 million in 1964. These were more than accounted for by loans and advances under Government programmes related to the financing of Canadian exports.

Sharp fluctuations took place during the course of 1964 in the movements of short-term capital. In the January-June period there was a net inflow of $446 million which was substantially offset by outflows of $230 million in the third quarter and $127 million in the fourth quarter. Bank balances and other short-term funds held abroad were substantially reduced in the first quarter from the record total of some $2 billion at the end of 1963. In the subsequent quarters these balances, including foreign currency deposits in the form of swap deposits by holders of Canadian dollars, increased substantially. The net outflow for the year as a whole was $499 million.

Net sales of Canadian finance company paper and other Canadian finance company obligations[1] in the first half of the year amounted to $218 million. In the third quarter these inflows declined markedly and in the last half there was a net inflow of $19 million. Other short-term capital movements in 1964 represented a net inflow of $351 million.

Reference has been made earlier in this section to the geographical composition of Canada's current account balance. These data showed that Canada's deficit on current account with the world as a whole was more than accounted for by transactions with the United States, where there were deficits on both merchandise and non-merchandise account. To some extent, these deficits with the United States were offset by current transactions with the rest of the world, in which a net surplus was earned by virtue of a favourable balance on merchandise trade which exceeded a deficit on non-merchandise trade.

It is of considerable interest to examine the pattern of capital movements discussed above, in the context of financing the current account deficits incurred on a geographic basis.

[1] Bank loans, intercompany accounts, notes, etc.

Although there are fluctuations from year to year in the size of the different components of current and capital account transactions with Canada's major trading partners, the general pattern has been unchanged over the past decade and more. Briefly, the inflow of capital from the United States to Canada has fallen short of the sum needed to finance the current account deficit incurred in transactions with the United States, and usually by a wide margin. The difference has been made up by the transfer to the United States of receipts of foreign exchange arising from current and capital transactions with the rest of the world and from gold newly produced in Canada. Any residual difference between current and capital transactions has, of course, been reflected in changes in Canada's official exchange reserves.

The following table demonstrates this broad pattern in terms of total flows from 1953 to 1962, and for the particular years 1962 and 1963. Complete data for 1964 are not yet available. Data relating to the current account only are presented in Table 30.

TABLE 38

FINANCING OF CANADA'S BILATERAL ACCOUNT WITH THE UNITED STATES

(Millions of dollars)

—	1953–1962 Total	1962	1963
Transactions with U.S. (excluding international financial agencies)			
Current account deficit (exc. gold)	−13,777	−1,277	−1,337
Capital inflow from U.S.	+8,679	+1,093*	+895
Net amount to be financed by other transactions	**−5,098**	**−184**	**−442**
Other transactions—			
Current account surplus with rest of world	+2,111	+248	+626
Net capital movement from (+) or to (−) rest of world**	+2,185	+318	−278
New gold production available for export	+1,538	+155	+154
Increase (−) in Canadian holdings of gold and foreign exchange	−736	−537	−60
Total financing	**+5,098**	**+184**	**+442**

* Including $3 million accounted for by exchange transactions in connection with special bilateral assistance.

** Includes changes in Canada's International Monetary Fund position.

The large volume of both current and capital transactions between Canada and the United States reflects their geographic proximity, the similarity of their institutions, the close network of commercial and financial inter-relationships between them, and the absence of restriction on bilateral flows of capital between their major financial markets.

This payments relationship between Canada and the United States is particularly significant in relation to the current discussion of the U.S. balance of payments situation. Over the past years (as indeed over virtually the whole post-war period) Canada has been a net provider of dollars to the United States economy.

From the end of December 1963 to the end of April 1964, official holdings of gold and foreign exchange declined by US$114 million. Between May and the end of the year, official reserves rose by US$193 million to US$2,674.3 million at year end, so that for the year as a whole, official reserves were higher by some US$79 million. Monthly totals of reserves are shown in Table 39.

TABLE 39

OFFICIAL HOLDINGS OF GOLD AND FOREIGN EXCHANGE

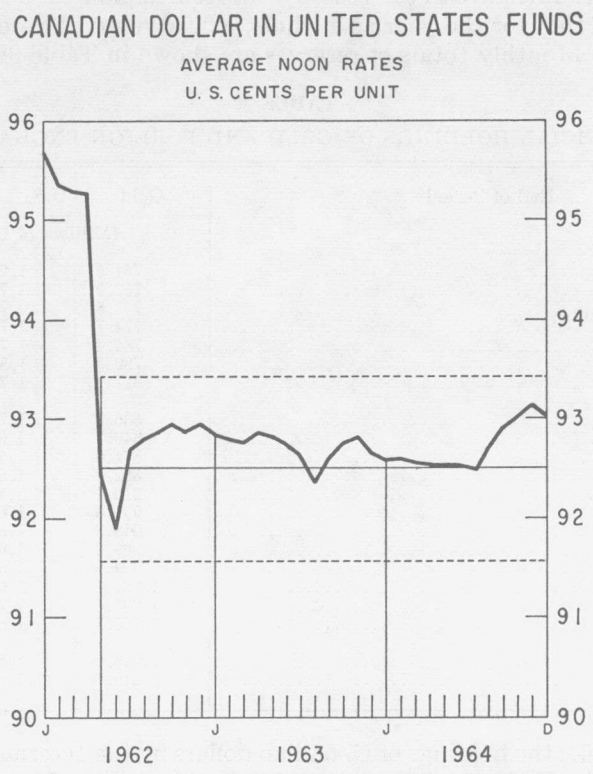
End of Period	Gold	U.S. Dollars	Total
	(Millions of U.S. dollars)		
1963—June	754.6	1,937.0	2,691.6
July	762.0	1,739.0	2,501.0
August	767.8	1,702.7	2,470.5
September	774.7	1,793.6	2,568.3
October	784.4	1,797.0	2,581.4
November	799.5	1,831.5	2,631.0
December	817.2	1,777.8	2,595.0
1964—January	836.7	1,745.7	2,582.4
February	849.7	1,692.6	2,542.3
March	871.0	1,594.5	2,465.5
April	892.2	1,588.9	2,481.1
May	910.1	1,599.3	2,509.4
June	931.3	1,602.6	2,533.9
July	948.8	1,585.1	2,533.9
August	969.0	1,606.9	2,575.9
September	989.6	1,634.9	2,624.5
October	1,001.1	1,685.5	2,686.6
November	1,007.4	1,736.0	2,743.4
December	1,025.7	1,648.6	2,674.3
1965—January	1,036.0	1,632.2	2,668.2
February	1,040.6	1,608.1	2,648.7

During 1964, the holdings of Canadian dollars by the International Monetary Fund declined by US$241 million to US$367.5 million. Canada's transactions with the IMF involved net repayments to the Fund to the extent of US$166 million. This was partly offset by gold sales to Canada by the IMF of US$9 million and borrowings from Canada of the equivalent of US$15 million in Canadian dollars under the General Arrangements to Borrow. Other member countries drew from the International Monetary Fund the equivalent of US$99 million in Canadian dollars.

CHANGES IN IMF HOLDINGS OF CANADIAN DOLLARS DURING 1964

				US$ million
	IMF holdings of Canadian dollars at the end of 1963			608.5
(minus)	Repurchases by Canada (net)	166.0		
	Drawings of Canadian dollars by other countries	99.0	265.0	
(plus)	Gold sales to Canada by the IMF	9.0		
	Borrowings from Canada under the General Arrangements to Borrow	15.0	24.0	
	Net change during 1964			−241.0
	IMF holdings of Canadian dollars at the end of 1964			367.5

The movements in the value of the Canadian dollar expressed in U.S. dollars are shown in the accompanying chart.



The rate of the Canadian dollar moved in a very narrow range around its par value during the first seven months of the year. There followed a period of strength in the Canadian dollar as the rate moved steadily higher toward its upper limit in mid-November. This movement was related to the seasonal strength in the current account of the balance of payments. It was reinforced by heavy capital inflows following the enactment in September of the U.S. Interest Equalization Tax together with the exemption for Canadian new issues. The spot rate remained close to its upper limit for the remainder of the year and was 93.13 cents U.S. (U.S. $1.00 = Cdn $1.07⅜) at the end of 1964.

In the early part of the year, the Exchange Fund, in an effort to avoid a heavy capital inflow induced by the widening of the forward discount on the U.S. dollar, engaged in forward market operations. The forward discount on the U.S. dollar had been affected by transactions involving the covering of forward commitments arising from the substantial export order of wheat from the U.S.S.R. At the year end, forward commitments of the Exchange Fund were negligible.

DISPOSITION AND SOURCE OF SAVING

The nation's savings, which in the economic framework of the national accounting system are equivalent to the additions made to the nation's capital assets, rose by 15.8 per cent in 1964. Personal saving represented 24.3 per cent

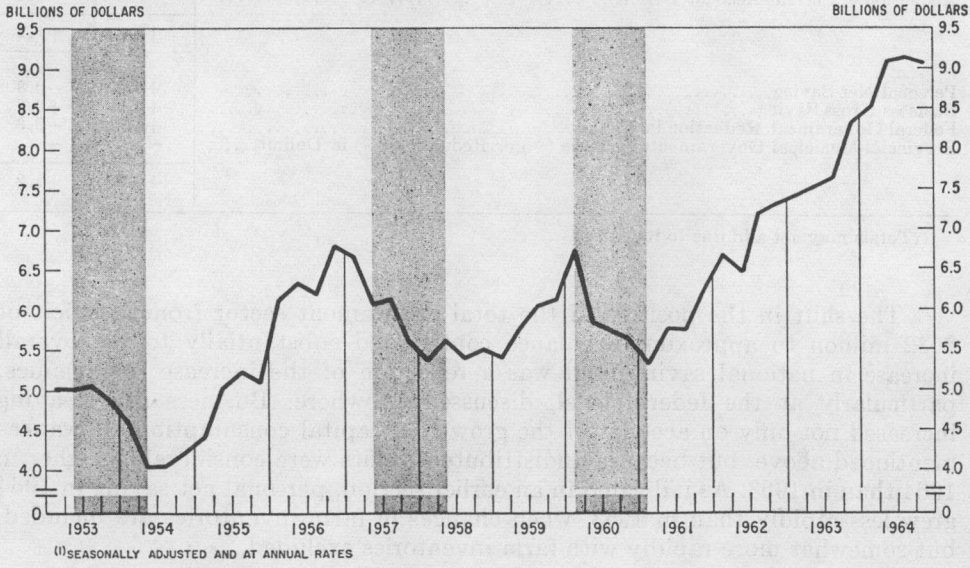
of the total and business sector saving accounted for the balance. The government sector as a whole, on a National Accounts basis, was in near-balance in 1964. This means that the government sector neither contributed to nor was a net user of total national saving.

The nation's investment, which represents that part of output which is not currently consumed, consists of increases in domestic physical assets such as housing, business plant and equipment, and inventories. In addition, the nation's claims on the resources of other countries properly count as additions to its wealth, and increases in claims by other countries must be counted as a deduction. Hence, the surplus or deficit on current international account is counted as part of national investment, a deficit being regarded as a negative item.

The disposition of saving in 1964, shown in Table 41, was dominated by the marked increase in business gross fixed capital formation. Business gross fixed capital formation represents capital spending in the non-government sector, as government sector purchases of capital goods, on a National Accounts basis, are treated as current expenditure in the year the investment occurs. As a result of this treatment, capital formation on a National Accounts basis is below the capital investment total as reported in the Private and Public Investment Outlook surveys and discussed elsewhere in these pages. Business gross fixed capital formation in 1964 amounted to $8,968 million, some 18.1 per cent above the 1963 total.

Inventory movements in 1964, which are part of total domestic investment, consisted of a moderate buildup in business inventories, partly offset by a decline in farm inventories (associated with record wheat exports). The buildup of total inventories in 1964 was slightly below that of 1963. In the same period, there was some slight narrowing of the deficit on international current account.

NATIONAL SAVINGS, BY QUARTERS, 1953-1964[1]



The distribution of saving among the various sectors continued the long-term trend in which the share of the business sector in the total of gross saving has been gradually increasing, due in part to higher levels of capital consumption allowances. This is a reflection of the capital investment record of the post-war years, as a result of which the proportion of capital to labour used in the productive process has been rising. This, of course, is the material basis of growth and the rise in output per worker and real incomes. Rising capital investment expenditures are accompanied by rising capital consumption allowances over time, and these allowances, as enterprises build up reserves for new capital outlays in the future, now form the largest single item on the saving side of the account.

The movement of national saving as a whole in recent years is shown in the chart on Page 59. The association of rising levels of saving with rising levels of economic activity and incomes is shown clearly on the chart, the shaded areas indicating the periods of recession which have been recorded during the past decade.

The changes in 1964 in both saving and investment were of somewhat greater magnitude than the changes which were recorded a year earlier.

TABLE 40

CHANGES IN TOTAL NATIONAL INVESTMENT AND SAVING

(National Accounts Basis)

(Billions of dollars)

—	1963 / 1962	1964 / 1963
Domestic Investment	+0.5	+1.1
Reduction in Current Account Deficit	+0.3	+0.1
	+0.8	+1.2
Personal Net Saving	+0.2	−0.3
Business Gross Saving	+0.4	+0.8
Federal Government Reduction in Deficit	+0.3	+0.6
Provincial-Municipal Governments Increase (−) or Reduction (+) in Deficit	−	−
	+0.8	+1.2

(Totals may not add due to rounding)

The shift in the position of the total government sector from a deficit of $632 million to approximate balance contributed substantially to the overall increase in national saving, and was a reflection of the increase in revenues, particularly at the federal level, discussed elsewhere. Business gross saving increased not only on account of the growth in capital consumption allowances mentioned above, but because undistributed profits were considerably higher in 1964 than in 1963. As indicated in an earlier section, personal net saving in 1964 grew less rapidly than in 1963, when changes in farm inventories are included, but somewhat more rapidly with farm inventories excluded.

TABLE 41

DISPOSITION OF SAVING

(Millions of dollars, seasonally adjusted at annual rates)

—	1963	1964
Business Gross Fixed Capital Formation	7,591	8,968
Value of Physical Change in Inventories	491	380
Surplus (+) or deficit (−) on current account with non-residents	−524	−428
Residual error	182	45
Total	7,740	8,965

TABLE 42

SOURCES OF SAVING

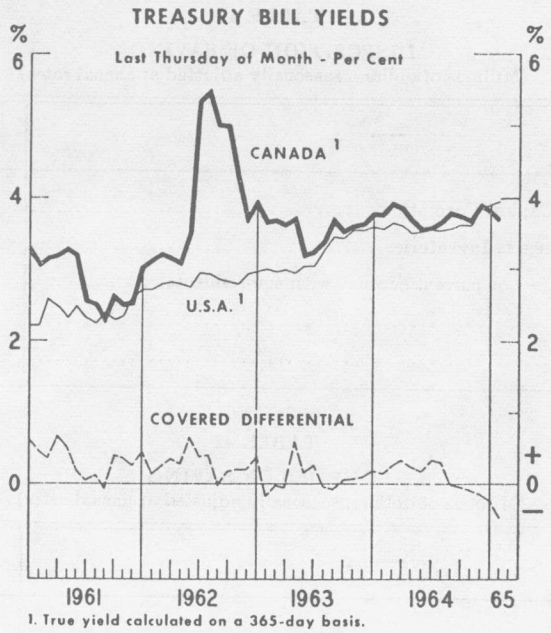
(Millions of dollars, seasonally adjusted at annual rates)

—	1963	1964
Personal Saving	2,466	2,181
Business Gross Saving, Total	6,283	6,969
(a) Undistributed corporation profits	973	1,252
(b) Capital consumption allowances and miscellaneous valuation adjustments	5,172	5,607
(c) Adjustments on grain transactions	138	110
Inventory Valuation Adjustment	−195	−121
Government surplus (+) or deficit (−)	−632	−20
Federal	−292	+328
Provincial and Municipal	−340	−348
Residual error	−182	−44
Total	7,740	8,965

CAPITAL MARKETS

The capital markets of Canada, including those for securities and bank loans, provided a greater volume of financing in 1964 than in the previous year. Notwithstanding this greater demand for funds and some serious uncertainties concerning market conditions which occurred during the year, interest rates were relatively stable in 1964 and were at a lower level at the end of the year than at the beginning. This performance in the fourth year of the current period of economic expansion is significant, reflecting a monetary policy which was effective in sustaining the rate of economic growth without permitting slackness in credit conditions together with a creditable degree of resilience in the capital markets.

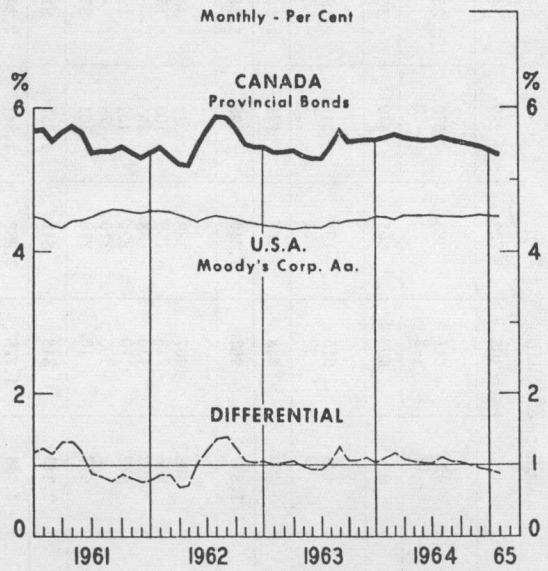
During the year net new issues of securities (including finance company paper) by Canadian borrowers on all markets, both domestic and external, totalled $3,069 million compared with $2,801 million in 1963. Net new issues of Government of Canada securities in 1964 were $457 million, as compared with $827 million in 1963. Table 44 indicates that in 1964 Government Accounts made



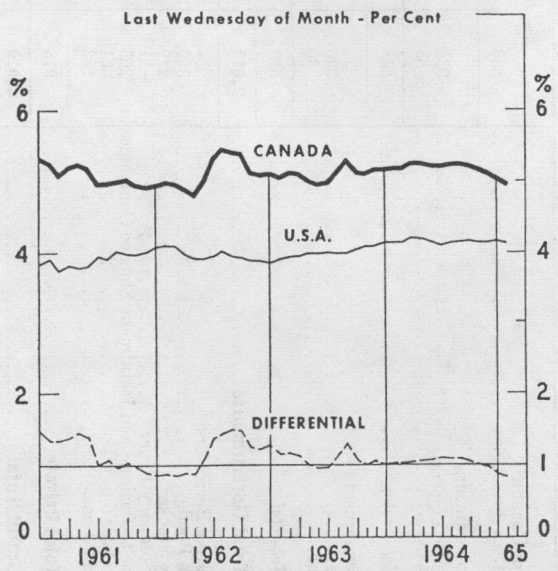
net purchases of Government of Canada securities of $253 million, diminishing by that amount the impact of Government of Canada financing on the securities market, while in 1963 net sales of $154 million of securities from Government Accounts increased the impact on the market resulting from the large increase in net new issues in that year. Thus the net market impact of Government of Canada financing was $204 million in 1964 compared with $981 million in 1963. Net borrowings by provincial and municipal governments were slightly higher than in 1963. Apart from the marked reduction in net borrowing by the Government of Canada, the dominant feature in the capital markets in 1964 was the corporate demand for new money. Net new issues of corporate bonds, continuing the upward trend in recent years, totalled $698 million compared with $555 million in 1963. Furthermore, whereas in 1963 there occurred a net retirement of $55 million in corporate stock, net new issues of corporate stock in 1964 amounted to $265 million. This increase in demand for funds by corporations reflected a substantial increase in fixed capital expenditures and a buildup of inventories to levels somewhat higher than in 1963. This demand was met in part by a considerable rise in the level of loans to businesses in the chartered banks. In 1964, loans by the chartered banks to businesses and instalment finance companies increased by $572 million compared with an increase of $334 million during 1963.

Total money supply increased by slightly less than 6 per cent in 1964, while the money supply in the hands of the general public rose by a little over 7 per cent. Total general loans by the chartered banks increased during the year, however, by over 15 per cent, with a substantial increase of 25 per cent in personal loans and an increase of 13 per cent in business loans. In accommodating this strong demand for loans the chartered banks sold $223 million in Government of Canada securities. The liquidity position of other financial intermediaries, together with central bank operations, enabled the market to absorb this liquidation by the banks. The more liquid assets of the chartered banks declined from 35.4 per cent to 31.9 per cent. The more liquid assets of the chartered banks comprised their cash reserves, day-to-day loans to investment dealers, call loans, Government of Canada securities, and net foreign assets.

LONG-TERM BOND YIELDS



LONG-TERM GOVERNMENT BOND YIELD AVERAGES [1]



1. Average of yields on all outstanding issues due or callable in 10 years or more.

TABLE 43

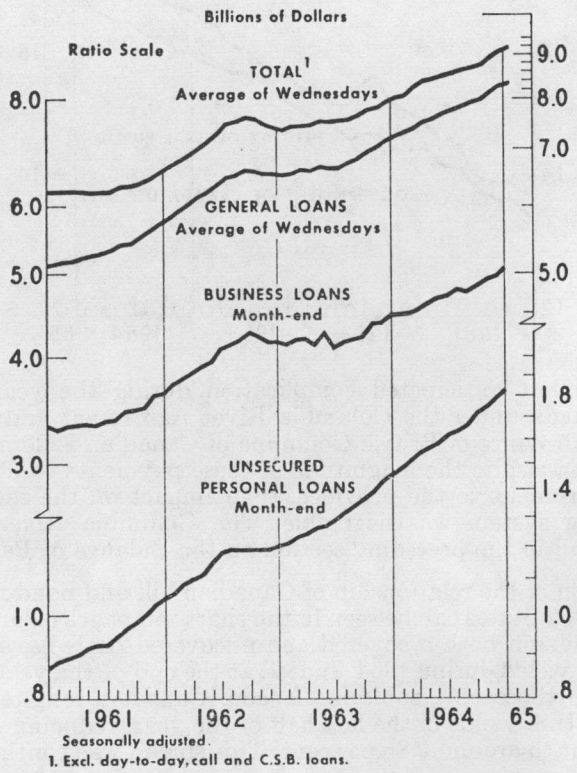
NET CHANGES IN SECURITIES[1] AND BANK LOANS[2] OUTSTANDING FOR CALENDAR YEARS

	1961	1962	1963	1964	1963		1964	
					1st half	2nd half	1st half	2nd half
	(Millions of dollars)							
Government of Canada								
Securities	889	812	827	457	105	722	−289	746
Provincial Governments								
Securities[3]	936	695	893	928	611	283	570	358
Bank loans	−83	−16	19	−18	−2	20	−20	2
Sub-total	*853*	*679*	*912*	*910*	*609*	*303*	*550*	*360*
Municipal Governments								
Securities	320	236	406	428	215	191	247	181
Bank loans	30	−3	57	62	33	24	1	61
Sub-total	*350*	*233*	*463*	*490*	*248*	*215*	*248*	*242*
Total Governments	**2,092**	**1,724**	**2,202**	**1,857**	**962**	**1,240**	**509**	**1,348**
Private Canadian Borrowers								
Corporate Bonds	359	416	555	698	467	88	333	365
Corporate Stocks	249	341	−55	265	−213	158	109	158
Finance Company Paper	−51	179	174	292	136	38	355	−63
Bank loans to Business and Instalment Finance Companies	205	526	334	572	110	224	452	120
Call and Day-to-day Loans	34	138	−84	5	−200	116	−78	83
Other Bank Loans[4]	182	225	234	417	16	218	161	256
Total Private	**978**	**1,825**	**1,158**	**2,249**	**316**	**842**	**1,332**	**919**
Grand Total	**3,070**	**3,549**	**3,360**	**4,106**	**1,278**	**2,082**	**1,841**	**2,267**

[1] Includes Canadian and foreign pay issues.
[2] Includes only Canadian dollar bank loans.
[3] Includes securities guaranteed by provinces.
[4] Insured mortgage loans and all other chartered bank loans in Canadian currency not included elsewhere.

The volume of net new issues of securities, other than by the Government of Canada, was notably high in the first half of 1964. With the U.S. market for new Canadian issues restricted during this period by the uncertainty surrounding the U.S. Interest Equalization Tax, approximately four-fifths of such new issues were payable in Canadian dollars and were mainly absorbed by the Canadian market. In the last half of the year the situation changed considerably. Issues payable in U.S. dollars which had been delayed pending clarification of the Interest Equalization Tax, (the impact of which is described in some detail in the section on the Balance of Payments), were taken up by the U.S. market and the general demand for Canadian securities by U.S. investors increased. This was particularly evident in the fourth quarter of the year when net new issues payable in U.S. dollars amounted to $434 million. Because of these significant purchases of new issues by investors in the U.S., the pressure of new borrowings on the Canadian market was eased. Long-term bond yields declined by ¼ of 1 per cent.

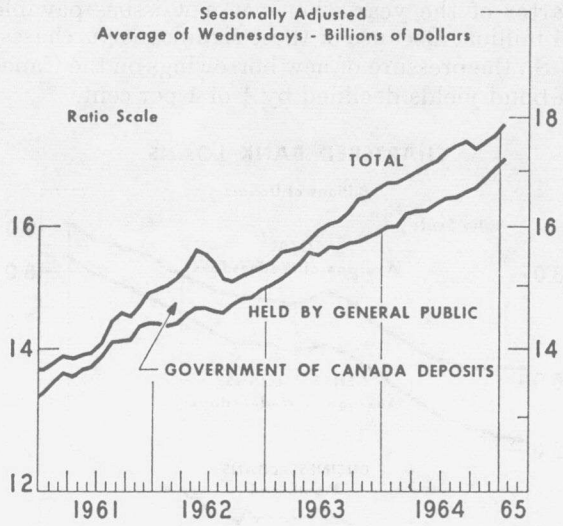
CHARTERED BANK LOANS



One other significant external factor affected the Canadian market in 1964. On November 23, the Bank of England, reacting to a sharp decline in its gold and foreign exchange holdings, increased the Bank Rate from 5 per cent to 7 per cent; The U.S. followed this action with a ½ of 1 per cent increase to 4 per cent in the discount rates of the Federal Reserve Banks and the Bank of Canada increased its Bank Rate from 4 per cent to 4¼ per cent. The Governor of the Bank of Canada stated at the time that the Bank wished to eliminate uncertainty in Canadian financial markets following changes in Bank Rates in the United Kingdom and the United States and described the new rate as one which was appropriate to

the needs of the domestic Canadian economy and Canada's international financial position. The main impact of the Bank Rate change was felt in the very short-term market. Treasury bill yields had fluctuated during the year between 3.50 per cent and 3.90 per cent. The Bank Rate change consolidated the trading area in the upper end of this range. Long-term yields rose initially but after a very short period they returned to the levels prevailing before the Bank Rate change and by the end of the year had fallen below these levels.

CURRENCY OUTSIDE BANKS AND CHARTERED BANK DEPOSITS



An unusual but anticipated complication during the year was the U.S. payment to Canada under the Columbia River Agreement and the consequent payment to the Province of British Columbia of Canadian $220 million as well as U.S. $50 million. Despite the magnitude of these payments to Canada and from the federal government to the province, their impact on the securities markets and the banking system was negligible. The Columbia River payments are described in detail in the preceding section on the Balance of Payments.

An indication of the relationship of Canadian bill and bond market yields to those in the United States can be seen in the charts on pages 62 and 63. Canadian treasury bill yields on both a covered and uncovered basis have remained very close to U.S. bill yields during 1964. Indeed at the end of the year, U.S. bill rates were higher than those obtainable in Canada. Canadian long-term bond yields moved closer to U.S. yields in the last half of the year, reducing the spread from close to 1 per cent to around 0.85 per cent. This spread was continuing to narrow at the end of the year.

TABLE 44

NET INCREASE IN HOLDINGS OF CERTAIN FINANCIAL ASSETS CLASSIFIED BY HOLDERS FOR CALENDAR YEARS

	1961	1962	1963	1964	1963		1964	
					1st half	2nd half	1st half	2nd half
	(Millions of dollars)							
Chartered banks and Bank of Canada								
Canadian securities	940	−262	761	−146	477	284	−186	40
Chartered bank loans	368	870	560	1,038	−43	602	516	522
Total	**1,308**	**608**	**1,321**	**892**	**434**	**886**	**330**	**562**
Non-bank holders								
Currency and bank deposits[1]	1,257	520	1,389	1,000	391	997	310	690
Other net liabilities of banking system[2]	51	88	−68	−108	43	−111	20	−128
Sub-total[3]	*1,308*	*608*	*1,321*	*892*	*434*	*886*	*330*	*562*
Canadian securities	1,762	2,941	2,039	3,214	844	1,196	1,511	1,705
Total	**3,070**	**3,549**	**3,360**	**4,106**	**1,278**	**2,082**	**1,841**	**2,267**
of which:								
Government of Canada								
Chartered bank and Bank of Canada deposits[1]	84	−23	357	−199	−101	457	−134	−65
Government of Canada securities held in Gov't accounts	−222	26	−154	253	−226	72	−102	355
Total	**−138**	**3**	**203**	**54**	**−327**	**529**	**−236**	**290**
Public in Canada[4]								
Government of Canada securities	237	1,026	150	412	−238	388	42	370
Other Canadian securities	1,467	1,529	1,515	1,721	781	734	1,186	537
Sub-total: Canadian securities	*1,704*	*2,555*	*1,665*	*2,133*	*543*	*1,122*	*1,228*	*907*
Currency and chartered bank deposits[1]	1,134	577	993	1,168	481	512	438	730
Other net liabilities of banking system	51	88	−68	−108	43	−111	20	−128
Total	**2,889**	**3,220**	**2,590**	**3,193**	**1,067**	**1,523**	**1,686**	**1,509**
Non-Residents								
Government of Canada securities[5]	6	123	113	−4	143	−30	15	−19
Other Canadian securities	274	237	415	833	384	31	370	463
Sub-total: Canadian securities	*280*	*360*	*528*	*829*	*527*	*1*	*385*	*444*
Canadian bank deposits	39	−34	39	30	11	29	6	−24
Total	**319**	**326**	**567**	**859**	**538**	**30**	**391**	**468**

(1) Includes only Canadian dollar deposits.
(2) Balancing item.
(3) Equals total holdings of securities and loans by banking system as above.
(4) Excludes holdings by chartered banks.
(5) Includes treasury bills.

MORTGAGE MARKET

The flow of funds into mortgages increased substantially in 1964. The major area accounting for the increase was conventional mortgage loans which in 1964 were 35 per cent higher than in 1963. Mortgage loans approved under the National Housing Act moved up 6 per cent in 1964 compared with the previous year. Despite this greater demand for mortgage loans, rates on such loans moved slightly lower through the year.

TABLE 45

FLOW OF INSTITUTIONAL MORTGAGE FUNDS 1963-1964

—	1963	1964
	(Millions of dollars)	
Mortgage Loans Approved under the National Housing Act		
CMHC Direct Loans		
Single	253	312
Multiple	49	65
Total CMHC	**302**	**377**
NHA Loans Through Approved Lenders		
Single	281	178
Multiple	104	175
Total Approved Lenders	**385**	**353**
Total under NHA	**687**	**730**
Conventional Mortgage Loans		
New Buildings		
Single	249	294
Multiple	403	518
Sub-total New Conventional	*652*	*812*
Existing Buildings		
Single[1]	304	444
Multiple	126	196
Sub-total Existing Conventional	*430*	*640*
Other[2]	373	507
Total Conventional	**1,455**	**1,959**

[1] The figures on existing single dwellings do not include the top part of any 83⅓% mortgages made.

[2] This category includes commercial and industrial mortgages.

SOURCE: Central Mortgage and Housing Corporation.

Total N.H.A. loans, which include C.M.H.C. direct loans and loans by approved lenders, totalled $730 million in 1964, $43 million higher than in 1963. N.H.A. loans made by approved lenders declined by $32 million during the year, despite a substantial increase in their loans for rental accommodation, particularly multiple dwellings. In the face of the heavy demand for loans and the reduced supply of funds from approved lenders to owner applicants and builders, C.M.H.C. increased its direct loans by $75 million in 1964 to $377 million.

Conventional mortgage loans were especially strong in 1964, increasing by over $500 million, compared with 1963, to a total of $1,959 million. Loans on new multiple dwellings, existing single dwellings, and commercial and industrial building showed particularly significant advances over 1963. The increase in loans on existing houses has occurred following improved mortgage facilities offered by lending institutions and particularly the arrangements introduced in 1964 for loans of 83⅓ per cent of appraised value at a cost usually about ¼ of 1 per cent above the conventional mortgage rate.

The conventional mortgage rate tended to move below 7 per cent early in the year and loans for buildings in favoured locations and for multiple structures were financed at 6¾ per cent. This easier condition prevailed at the end of the year.

Since 1961, C.M.H.C. has offered at public auctions blocks of N.H.A. mortgages from its own portfolio. The purpose of these auctions has been to provide a supply of mortgages to encourage the development of a secondary mortgage market in Canada and to assist in financing its own direct lending. A by-product of the auctions has been a reduction by CMHC in its requirements for cash from Government sources. Bids at these auctions have been competitive. The gradual development of a secondary market is indicated by the fact that, whereas at the end of 1955 only 0.8 per cent of N.H.A. approved mortgages were held by other than approved lenders, at the end of 1964 the proportion was 9.5 per cent. This compares with a figure of 8.5 per cent at the end of 1963.

The following tabulation outlines the results of the four auctions that were held in 1964:

Date	Allotted		Average Prices Paid at Auctions		Yields to Maturity		NHA Rate	Average Yield on Govt. Long-term Bonds
	6%	6¾–6½%	6%	6¾–6½%	6%	6¾–6½%		
	(Millions of dollars)							
Feb. 25	17.250	7.750	97.69	102.64	6.36	6.39	6¼	5.20
May 20	14.750	10.250	97.85	100.97*	6.33	6.37	6¼	5.26
Sept. 23	16.500	8.500	99.24	101.00	6.12	6.36	6¼	5.24
Dec. 15	16.000	9.000	98.24	100.96	6.27	6.37	6¼	5.06

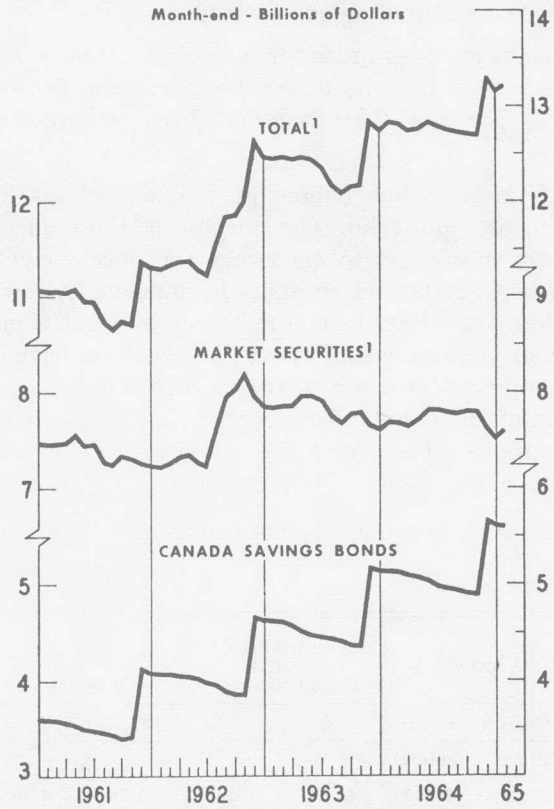
*6½% mortgages were offered in this and subsequent auctions.

Federal Government Debt Operations

In the Budget Speech in March 1964 a budgetary deficit of $455 million was forecast and total cash requirements were estimated to be $895 million. It was stated that "over-all borrowing requirements in the coming year will be about $750 million taking into account the fact that present cash balances are on the high side". These requirements included the $220 million payment in connection with the Columbia River Treaty described earlier, and also assumed, as is customary, a neutral position vis-à-vis the Exchange Fund.

In addition to these cash requirements, the Government had to refund $1,950 million in market issues maturing during the fiscal year 1964–65. This figure does not include the regular weekly issues of three and six month treasury bills.

GENERAL PUBLIC HOLDINGS
OF GOVERNMENT OF CANADA SECURITIES



1. Excludes securities involved in special currency arrangements between the Bank of Canada and other central banks.

As the year progressed it became apparent that the budgetary deficit would be lower, mainly as a result of higher Government revenues than had been originally forecast. However, at the same time non-budgetary cash requirements increased, partly as a result of the need to finance the requirements of the Exchange Fund. The increase of $253 million in holdings of securities by Government Accounts constituted a further use of cash. Taking into account these diverging movements it appears that cash requirements will be about the same as was originally forecast in last year's budget.

Table 46 indicates the projected changes in Government securities outstanding for the fiscal year. It is expected that the balance of the cash requirement will be financed by a decline in cash balances. Sales of Canada Savings Bonds will have accounted for considerably more than the net total of new money raised in the capital markets and there will have been a net rundown of $273 million in the outstanding amount of all marketable bonds and treasury bills.

TABLE 46

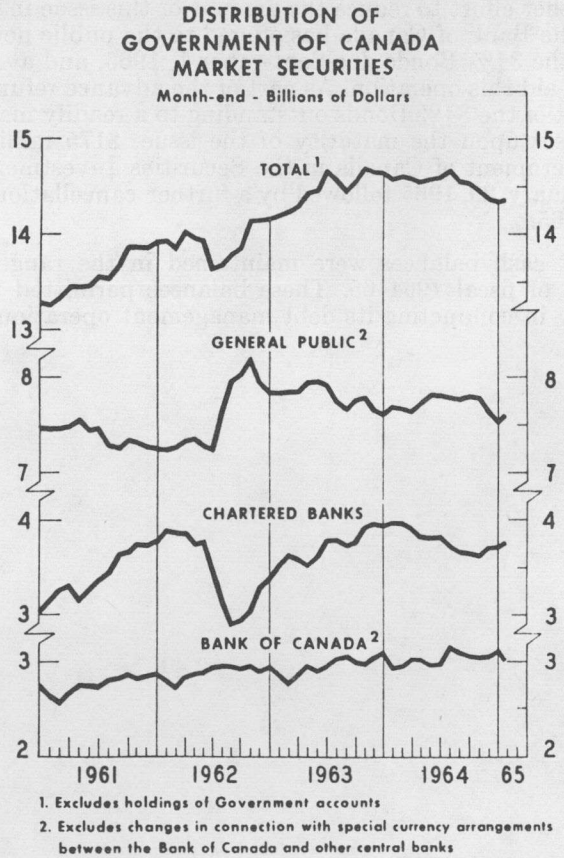
SUMMARY OF PROJECTED CHANGES IN GOVERNMENT SECURITIES DIRECT AND GUARANTEED OUTSTANDING FOR THE YEAR ENDING MARCH 31, 1965

(Millions of dollars)

	Increase	Decrease
Treasury Bills—weekly	10	
—1 yr. due April 24/64		100
Canada Savings Bonds	475	
Unemployment Insurance Fund	17	
Market Issues		183(1)
	502	283
	−283	
	219	

(1) Excludes $3 million of debt which matured in previous years but was redeemed in 1964–65.

Debt management policies have been directed towards supporting monetary and fiscal policies in influencing the performance of the economy. In the early part of the current economic expansion the aim of financial policy had been to facilitate



economic expansion. To this end nearly all new issues offered had been of a short or medium term in order to provide somewhat greater liquidity in the economy. As the economic expansion moved to a firmer base, more attention was paid to extending the term of the debt, while taking care not to inhibit economic growth. Table 47 contains details of the marketable Government of Canada bonds issued during the fiscal year 1964–65. The chief interest in the table lies in the choice of maturities for the refundings. During the calendar year 1964 three long-term issues totalling $175 million were offered. The last offering of long bonds was made in mid-June for delivery on July 1. Since that date, although the market has been receptive and economic circumstances appropriate, it has been felt desirable to avoid issuing bonds which might at the same time prove attractive to U.S. investors and provide competition in the domestic market for provinces and municipalities at the long end of the market. Since July 1, some worthwhile extension of term has been accomplished by offering two sizeable medium-term issues. The average term to maturity of Government of Canada marketable securities declined by one month during calendar 1964 to 7 years 9 months. The decline during 1963 had been six months.

Certain techniques which had been introduced in previous years were continued in 1964. Where possible, new issues consisted of additions to outstanding issues. This was done in nine issues in 1964. The purpose was to promote broader and more active trading markets and to provide greater flexibility in future debt management operations. In the issue of May 1, 1964 another advance refunding of the 3¾% Bonds due September 1, 1965 was made in the amount of $250 million. In a further effort to reduce the amount of this issue in the hands of the general public, the Bank of Canada has offered to the public newly issued bonds in exchange for the 3¾% Bonds due September 1, 1965, and at times new issues were designed to aid this operation. As part of the advance refunding program to bring the amount of the 3¾% Bonds outstanding to a readily manageable size for refunding purposes upon the maturity of the issue, $175 million of the bonds held by the Government of Canada in the Securities Investment Account were cancelled on January 29, 1965 followed by a further cancellation of $125 million on March 25, 1965.

Government cash balances were maintained in the range of $800–$1,000 million for most of fiscal 1964–65. These balances permitted the Government greater flexibility in conducting its debt management operations and facilitated monetary policy.

TABLE 47

DETAILS OF NEW ISSUES AND RETIREMENTS OF GOVERNMENT OF CANADA
DIRECT AND GUARANTEED MARKET BONDS FROM JANUARY 1, 1964 TO MARCH 31, 1965

Date of Issue	Maturing Bonds	Amount ($ millions par value)	New Bonds	Amount ($ millions par value)	Net Change in Amount Outstanding	Term of New Bonds	Price at Issue (%)	Yield at Issue (%)	Commission to declare (%)
1964									
Feb. 1	3¼% Feb. 1, 1964	365	3½ Feb. 1, 1965	65	−15	1 year	99.15	4.38	0.10
			3½ Feb. 1, 1966	105		2 years	98.10	4.50	0.15
			4¼ Jan. 15, 1968	130		3 yrs. 11½ mos.	98.25	4.74	0.25
			5 June 1, 1988	50		24 yrs. 4 mos.	96.25	5.27	0.75
May 1	4% May 1, 1964	360	3½ July 1, 1965	200	+40	1 yr. 2 mos.	98.90	4.47	0.10
			4½ Dec. 15, 1966	50		2 yrs. 1½ mos.	99.65	4.64	0.15
			5 July 1, 1969	75		5 yrs. 2 mos.	99.75	5.05	0.25
			5¼ May 1, 1990	75		26 years	98.63	5.35	0.75
	3¾% Sept. 1, 1965	250	5 July 1, 1969	250	0	5 yrs. 2 mos.	99.75	5.05	—
July 1	3¼% July 1, 1964	175	3½ July 1, 1965	200	+75	1 year	99.25	4.27	0.10
			5¼ May 1, 1990	50		24 yrs. 10 mos.	99.25	5.30	0.75
Oct. 1	3¼% Oct. 1, 1964	435	3½ Dec. 1, 1965	200	−35	1 yr. 2 mos.	98.85	4.52	0.10
			3¾ Oct. 1, 1967	75		3 years	97.25	4.74	0.15
			5 Oct. 1, 1968	125		4 years	100.00	5.00	0.20
Dec. 1	4% Dec. 1, 1964	240	3½ Dec. 1, 1965	125		1 year	99.20	4.33	0.10
			5 June 1, 1971	350		6 yrs. 6 mos.	100.00	5.00	0.25
Dec. 15	3¼% Dec. 15, 1964	225	—		+2				
	C.N.R. 5½% Dec. 15, 1964	8	—						
Jan. 29	3¾% Sept. 1, 1965	175	—		−175				
Feb. 1	3½% Feb. 1, 1965	415	3½ May 1, 1966	175	+35	1 yr. 3 mos.	99.20	4.16	0.10
			5 Oct. 1, 1973	275		8 yrs. 8 mos.	100.00	5.00	0.25
Mar. 25	3¾% Sept. 1, 1965	125	—		−125				
Totals (fiscal year 1964–65)		2,408		2,225	−183				

PART II

REVIEW OF GOVERNMENT ACCOUNTS 1964-65

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PART II

REVIEW OF GOVERNMENT ACCOUNTS

1964-65

INTRODUCTION

This Part of the Budget Papers presents in summary form a review of the accounts of the Government of Canada for the fiscal year 1964–65. The fiscal year of the government ends on March 31, but under the provisions of section 35 of the Financial Administration Act, for thirty days after the end of each fiscal year, payments for the discharge of debts properly applicable to the old year may be made and charged to that year. Consequently the books must remain open for some time after the fiscal year-end to take into account these payments and to record various adjusting entries. The figures used in this report are based on eleven months actual and one month estimated. The final figures when they become available next July or August will vary to some extent from those given in the following pages.

HIGHLIGHTS OF THE GOVERNMENT'S FINANCIAL OPERATIONS DURING 1964–65

This section outlines the financial operations of the government giving a brief summary of the budgetary and non-budgetary transactions, the unmatured debt transactions and the changes in the cash position and the debt position during 1964–65. More detailed explanations of these transactions are given in subsequent sections of this Part.

The following table summarizes the budgetary and non-budgetary transactions for 1964–65 with comparative figures for 1963–64 and indicates how these transactions affect the government's cash balances:

TABLE 1

(in millions of dollars)

Summary of Budgetary and Non-Budgetary Transactions and Changes in Cash Position	Fiscal year ended March 31			
	1965 (estimated)		1964	
Budgetary transactions—				
Revenue—				
Tax	6,338		5,533	
Non-tax	798		720	
	7,136		*6,253*	
Expenditure—				
Defence	1,581		1,723	
Non-defence	5,638		5,149	
	7,219		*6,872*	
Deficit (—)		−83		−619
Non-budgetary transactions (excluding unmatured debt transactions)—				
Receipts and credits—				
Repayments of advances to exchange fund			135	
Repayment of temporary loans to old age security fund	64			
Repayment of other loans, investments and advances	50		262	
Net annuity, insurance and pension account receipts	553		384	
Other	188		198	
	855		*979*	
Disbursements and charges—				
Temporary loans to old age security fund			58	
Decrease in non-interest-bearing notes payable on demand	219		170	
Other loans, investments and advances	706		319	
Advances to exchange fund	20			
Other	255		95	
	1,200		*642*	
Net amount available from or required for (—) non-budgetary transactions		−345		337
Overall cash requirements to be financed by increase in unmatured debt or decrease in cash balances		−428		−282
Net increase in unmatured debt outstanding in the hands of the public		277		734
Net increase or decrease (—) in Receiver General bank balances		−151		452

Budgetary transactions

The budgetary revenue, expenditure and deficit as forecast in the budget speech of March 16, 1964 and the figures as now estimated for the fiscal year 1964–65 are shown in the following table:

TABLE 2

(in millions of dollars)

Budgetary Transactions for Fiscal Year 1964–65	Budget forecast March 16, 1964	Actual (estimated)	Increase or decrease (—) compared with March 16, 1964 forecast	
			Amount	Per cent
Revenue	6,700.0	7,136.0	436.0	6.5
Expenditure	7,155.0	7,219.0	64.0	0.9
Deficit	455.0	83.0	−372.0	

Revenue

Budgetary revenue of the government in the fiscal year 1964–65 is estimated at $7,136 million. This is $436 million or 6½ per cent more than the March 16, 1964 budget forecast and $883 million or 14 per cent more than the total of $6,253 million collected in 1963–64.

Tax revenue accounts for $805 million and non-tax revenue for $78 million of the increase over 1963–64 receipts.

The yield from personal income tax, corporation income tax and the tax on dividends, interest, etc., going abroad is $513 million more than collections in 1963–64. The increase is due to the higher level of personal incomes during the year, higher corporate profits, the acceleration during the fiscal year of the payment period for corporation income taxes and to higher dividends paid to non-residents in 1964.

Receipts from the sales tax are $247 million more in 1964–65 due in part to the imposition, effective June 14, 1963, of a 4 per cent sales tax on building materials and production machinery and equipment (increased to 8 per cent effective April 1, 1964). Receipts from customs import duties are $36 million more due to the greater volume and value of imports during 1964–65.

Expenditure

Budgetary expenditure of the government in 1964–65 is estimated at $7,219 million, $64 million or almost one per cent higher than forecast and $347 million or 5 per cent higher than expenditures in 1963–64.

Defence expenditure at $1,581 million is 22 per cent of total budgetary expenditure, compared with $1,723 million or 25 per cent in 1963–64 and is again the largest category.

Civil or non-defence expenditure at $5,638 million compares with $5,149 million in 1963–64, an increase of $489 million. The main changes are increases of $95 million in fiscal, subsidy and other payments to provinces, $55 million in public debt charges, $38 million in contributions to the provinces under the Hospital Insurance and Diagnostic Services Act, $25 million in payments by the external aid office for economic, technical, education and other assistance, $35 million in contributions to provinces under terms of the Trans-Canada Highway Act and $14 million under the winter house building program and a decrease of $65 million in the net operating loss of the agricultural stabilization board. The increase also includes a payment of $27 million to The St. Lawrence Seaway Authority in respect of the accumulated Welland Canal deficit incurred by the authority for the calendar years 1959 to 1964 inclusive and $27 million in youth allowances effective from September 1964.

Deficit

Expenditure of $7,219 million exceeds revenue of $7,136 million resulting in a deficit of $83 million compared with a deficit of $455 million as forecast on March 16, 1964 and the deficit of $619 million in 1963–64.

Non-budgetary transactions (excluding unmatured debt transactions)

Non-budgetary transactions are those which increase or decrease the government's asset and liability accounts and do not enter into the calculation of the annual budgetary surplus or deficit.

In 1964–65 estimated net disbursements and charges of $1,200 million exceed net receipts and credits of $855 million resulting in a net requirement of $345 million. In 1963–64 net receipts and credits totalled $979 million, net disbursements and charges totalled $642 million, resulting in net receipts of $337 million.

Old age security fund

Receipts by the fund during 1964–65 are estimated at $953 million and exceed estimated payments of $889 million from the fund by $64 million. In 1963–64 payments were $808 million and receipts were $750 million.

The excess of $64 million of receipts over payments reduced outstanding temporary loans by the Minister of Finance to $36 million at March 31, 1965.

The transactions in the account during 1964–65 compared with those for 1963–64 are as follows:

	Fiscal year ended March 31	
	1965 (estimated)	1964
	(in millions of dollars)	
Tax receipts	953	750
Pension payments	889	808
Excess of receipts over payments or payments over receipts (—)	64	—58
Temporary loans by the Minister of Finance carried forward.	—100	—42
Temporary loans by the Minister of Finance outstanding at fiscal year-end	36	100

Unmatured debt transactions

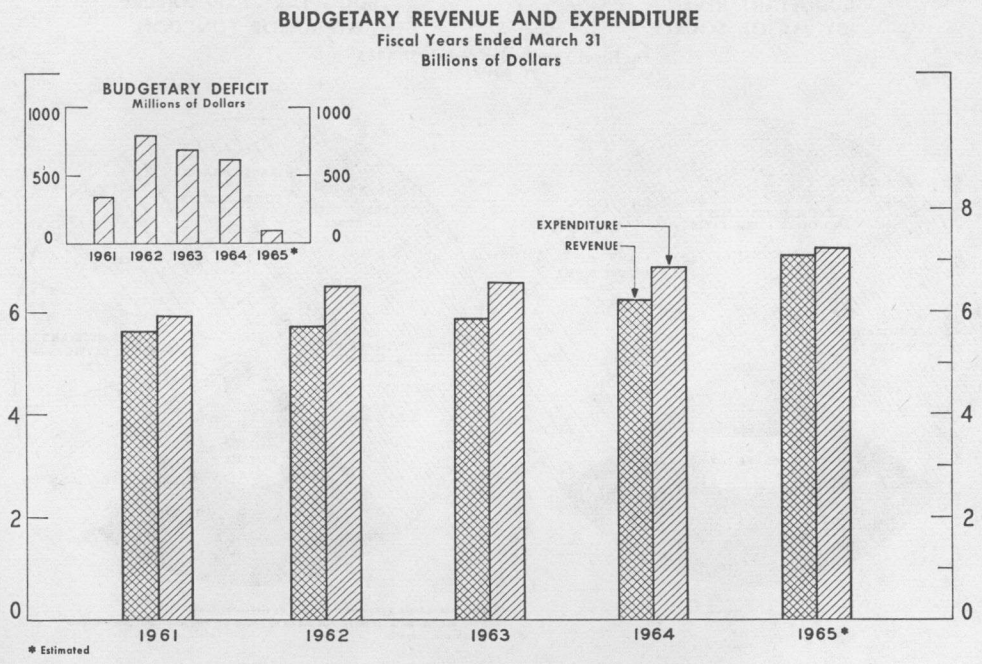
Unmatured debt transactions in 1964–65 reflect an increase of $277 million in unmatured debt outstanding in the hands of the public compared with an increase of $734 million in 1963–64.

Cash position

Receiver General bank balances were $678 million at March 31, 1965, a decrease of $151 million from the March 31, 1964 total. The decrease in cash balances is the result of the non-budgetary requirements of $345 million plus the budgetary deficit of $83 million partly offset by the increase of $277 million in unmatured debt outstanding in the hands of the public.

Debt position

As a result of these budgetary and non-budgetary transactions the gross public debt increased by $724 million to $26,648 million, net recorded assets by $245 million to $11,099 million and net debt by $479 million to $15,549 million at March 31, 1965. The increase in net debt reflects the budgetary deficit of $83 million plus an adjustment of $396 million in respect of prior years transactions. The adjustment of $396 million covers the write-off to net debt, upon parliamentary approval, of the unamortized portion of the actuarial deficiency in the public service superannuation account of $277 million and $119 million in respect of an actuarial evaluation of the account as at December 31, 1962 as calculated by the Department of Insurance.



THE BUDGETARY ACCOUNTS

Estimated total revenue at $7,136 million for 1964–65 is $883 million more than the total in the previous year. Estimated total expenditure of $7,219 million is $347 million more than the total for 1963–64. The estimated deficit is $83 million compared with $619 million in the previous year.

TABLE 3

BUDGETARY REVENUE, EXPENDITURE AND DEFICIT

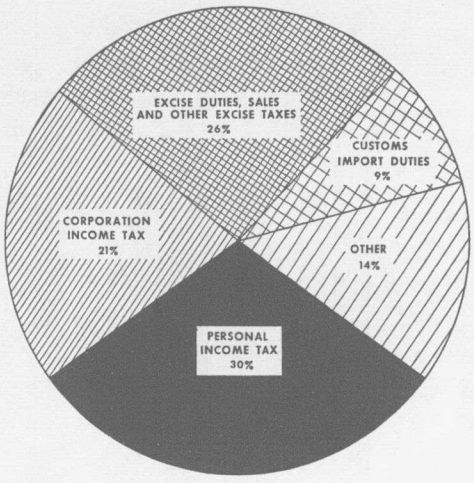
(in millions of dollars)

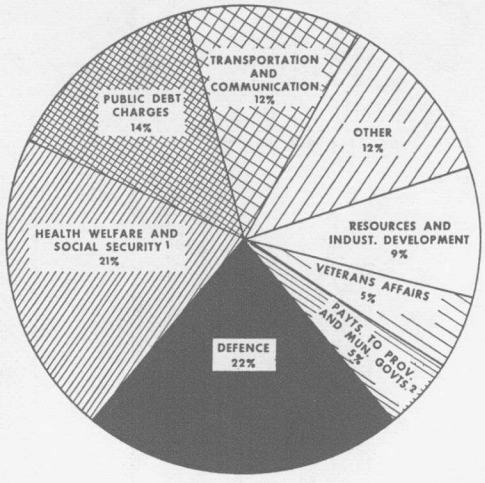
Fiscal year ended March 31	Budgetary revenue	Budgetary expenditure	Surplus or deficit (−)
1956	4,400.0	4,433.1	−33.1
1957	5,106.5	4,849.0	257.5
1958	5,048.8	5,087.4	−38.6
1959	4,754.7	5,364.0	−609.3
1960	5,289.8	5,702.9	−413.1
1961	5,617.7	5,958.1	−340.4
1962	5,729.6	6,520.6	−791.0
1963	5,878.7	6,570.3	−691.6
1964	6,253.2	6,872.4	−619.2
1965 (estimated)	7,136.0	7,219.0	−83.0

BUDGETARY REVENUE BY MAJOR SOURCE

BUDGETARY EXPENDITURE BY MAJOR FUNCTION

For Fiscal Year Ended March 31, 1965
Estimated



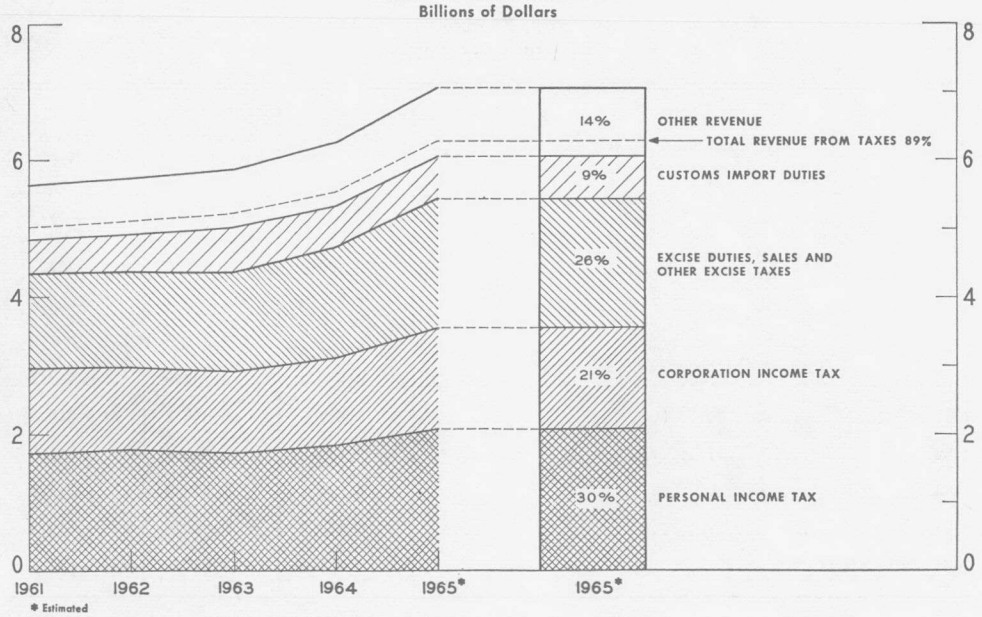


1. Does not include payments out of old age security fund.
2. Does not include those payments made to provincial and municipal governments for specific purposes.

Revenue

Budgetary revenue in 1964–65 is $7,136 million, $883 million or 14 per cent over the total of $6,253 million received in 1963–64. Tax revenue is $6,338 million accounting for 89 per cent of the total revenue for the fiscal year and non-tax revenue at $798 million accounting for 11 per cent.

BUDGETARY REVENUE BY SOURCE
Fiscal Years Ended March 31
Billions of Dollars



* Estimated

The more important items are increases of $243 million in personal income tax collections, $251 million in corporation income tax collections and $247 million in sales tax receipts.

TABLE 4

BUDGETARY REVENUE BY MAJOR SOURCES
(in millions of dollars)

SOURCE	Fiscal year ended March 31				Increase or decrease (−)	
	1965 (estimated)		1964			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Tax revenue—						
Income tax—						
Personal[1]	2,108.0	29.5	1,865.1	29.8	242.9	13.0
Corporation[1]	1,510.0	21.2	1,259.0	20.1	251.0	19.9
On dividends, interest, etc., going abroad	144.0	2.0	124.5	2.0	19.5	15.7
Excise taxes—						
Sales[1][2]	1,193.0	16.7	946.1	15.1	246.9	26.1
Other	270.0	3.8	273.4	4.4	−3.4	−1.2
Customs import duties	617.0	8.6	581.4	9.3	35.6	6.1
Excise duties	406.0	5.7	393.3	6.3	12.7	3.2
Estate tax	89.7	1.3	90.6	1.5	−0.9	−1.0
Other taxes	0.3		0.1		0.2	200.0
	6,338.0	*88.8*	*5,533.5*	*88.5*	*804.5*	*14.5*
Non-tax revenue—						
Return on investments	414.0	5.8	366.4	5.9	47.6	13.0
Post office—net postal revenue	234.0	3.3	200.7	3.2	33.3	16.6
Other non-tax revenue	150.0	2.1	152.6	2.4	−2.6	−1.7
	798.0	*11.2*	*719.7*	*11.5*	*78.3*	*10.9*
Total budgetary revenue	7,136.0	100.0	6,253.2	100.0	882.8	14.1

	1964–65 (estimated)	1963–64
[1]Excluding tax credited to the old age security fund—		
Personal income tax	432.0	302.6
Corporation income tax	143.0	115.7
Sales tax	378.0	331.8
	953.0	750.1

[2]Net after deduction of refunds and drawbacks.

TAX REVENUE

Federal-provincial fiscal arrangements

Under fiscal arrangements, that commenced in 1962, the federal government withdrew in part from the field of direct taxation and left the vacated area to the provinces. The federal government offered to collect provincial income taxes without charge, provided that the provincial personal income tax was expressed as a percentage of the federal personal income tax otherwise payable and the provincial corporation income tax applied to taxable income calculated in the same way as for federal income tax purposes. To allow for the imposition of the provincial income taxes, the Income Tax Act was amended to abate the federal income tax otherwise payable by individuals in all provinces by 16 per cent in 1962, 17 per cent in 1963 and by 18 per cent in 1964. This tax is to be abated by 21 and 24 per cent in 1965 and 1966 respectively in all provinces other than Quebec and it is proposed to abate the federal tax in Quebec by 44 per cent in 1965 and by 47 per cent in 1966. The federal corporation income tax rates are abated by 9 percentage points for taxable income earned in a province other than Quebec and by 10 percentage points for taxable income earned in Quebec. The federal government has entered into tax-collection agreements under which it collects the provincial personal income taxes for all provinces except Quebec and the provincial corporation income taxes for all provinces except Ontario and Quebec. With the exception of Saskatchewan and Manitoba, the provinces which have entered into tax-collection agreements have imposed personal and corporation income taxes equivalent to the federal withdrawal. The Provinces of Manitoba and Saskatchewan have each imposed their personal income tax at a rate exceeding the federal abatement by 6 percentage points and their corporation income tax at the rate of 10 instead of 9 per cent of the taxable income of corporations in 1962, 1963 and 1964.

Under these collection agreements, payments are made monthly to the provinces based on an estimate of the provinces' tax revenue. When the actual amounts of assessed returns are established, usually in the month of December following the end of the fiscal year, adjustments are made with the provinces.

Under the 1962–67 fiscal arrangements, the federal government agreed to abate its estate tax by 50 per cent in the fiscal years 1962–63 and 1963–64, and by 75 per cent in the fiscal years 1964–65, 1965–66 and 1966–67 in any province that imposed its own succession duties. To a province that did not wish to re-enter the succession duty field the federal government agreed to pay 50 per cent of the federal estate tax revenue in 1962–63 and 1963–64 and 75 per cent in 1964–65, 1965–66 and 1966–67. During 1962–63, Quebec and Ontario collected their own succession duties while the other provinces received a payment in lieu of imposing duties. Starting in 1963–64, British Columbia imposed its own succession duties. When the abatement was raised to 75 per cent in 1964–65, British Columbia increased its rates accordingly but Quebec and Ontario accepted in lieu of the extra abatement a payment equivalent to 25 per cent of the federal estate tax in those provinces.

Tax on personal income

In 1964–65 the largest source of government revenue is again the personal income tax. The yield (excluding the old age security tax) is $2,108 million or 30 per cent of all budgetary revenue. The increase of $243 million or 13 per cent over 1963–64 collections is due principally to the higher level of personal incomes during the year. In addition to the federal revenue, $362 million was allocated to the provincial tax collection agreements account under the terms of the Federal-Provincial Fiscal Arrangements Act. In 1963–64 federal revenue from this source was $1,865 million and $287 million was allocated to the provincial tax collection agreements account.

The tax on personal incomes levied under the Old Age Security Act and credited to the old age security fund is $432 million compared with $303 million in 1963–64.

Corporation income tax

The corporation income tax is the second largest source of government revenue. The yield (excluding the old age security tax) is $1,510 million or 21 per cent of budgetary revenue. The increase of $251 million or 20 per cent over 1963–64 collections is due mainly to higher corporate profits for the calendar year 1963 upon which corporation income tax collections in 1964–65 are largely based and to the effect during the fiscal year of legislation passed in 1963 which moved forward the payment period for corporation income taxes. In addition to the federal revenue, $124 million was allocated to the provincial tax collection agreements account under the terms of the Federal-Provincial Fiscal Agreements Act. In 1963–64 federal revenue from this source was $1,259 million and $97 million was allocated to the provincial tax collection agreements account.

The tax on incomes of corporations levied under the Old Age Security Act and credited to the old age security fund is $143 million compared with $116 million in 1963-64.

Taxes on dividends, interest, etc., going abroad

Revenue in this category is derived from taxes withheld on payments of dividends, interest, rents, royalties, alimony and income from estates and trusts paid to non-residents. Collections for 1964–65 are $144 million, an increase of $20 million or 16 per cent over the 1963–64 total. The increase reflects higher dividends paid to non-residents in 1964.

Excise taxes

Revenue under this heading includes collections from the general sales tax and other excise taxes.

From a revenue standpoint the general sales tax is the most important tax levied under the Excise Tax Act. Receipts therefrom (excluding the old age security tax) are $1,193 million or about 26 per cent higher than in the previous fiscal year. The increase reflects the imposition, effective June 14, 1963, of a 4 per cent sales tax on building materials and production machinery and equipment and the subsequent increase in the rate of the tax to 8 per cent effective April 1, 1964.

The tax on sales levied under the Old Age Security Act and credited to the old age security fund is $378 million and includes the 3 per cent tax on building materials and production machinery and equipment effective January 1, 1965.

The yield from excise taxes levied under the Excise Tax Act, other than the general sales tax, at $270 million is $3 million less than in 1963–64.

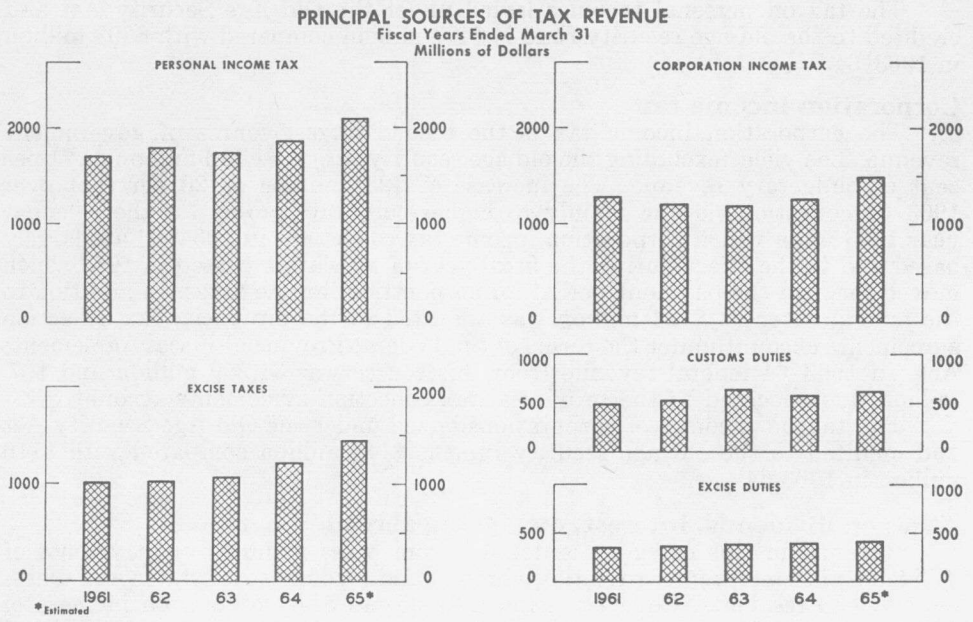
Customs import duties

Receipts from this source are $617 million compared with $581 million in 1963–64. The increase of $36 million or 6 per cent reflects the greater volume and value of imports during 1964–65.

Excise duties

Excise duties are levied on alcoholic beverages, other than wines, and tobacco products. (Additional taxes on tobacco products are levied under the Excise Tax Act.) Net receipts in 1964–65 are $406 million compared with $393 million in 1963–64.

Gross receipts of $241 million from duties on alcoholic beverages ($135 million in respect of spirits and $106 million in respect of beer) and $171 million from duties on tobacco products have been reduced by refunds and drawbacks of $6 million. Comparable figures in 1963–64 were $232 million, $166 million and $5 million.



Estate tax

Revenue in this category is derived under the Estate Tax Act. Net receipts of $90 million are $1 million less than in 1963–64. The increase in revenue attributable to growth in the size of estates was more than offset by the effect of the entry of the Province of British Columbia into this field in 1963 and the increased abatement allowed to estates in that province in 1964–65.

Other taxes

Revenue under this heading during the fiscal year is $300 thousand compared with $100 thousand in 1963–64.

NON-TAX REVENUE

Non-tax revenue is $798 million, an increase of $78 million or 11 per cent over the 1963–64 total.

TABLE 5
(in millions of dollars)

Non-Tax Revenue	Fiscal year ended March 31		Increase or decrease (−)	
	1965 (estimated)	1964	Amount	Per cent
Return on investments	414.0	366.4	47.6	13.0
Post office—net postal revenue	234.0	200.7	33.3	16.6
Refunds of previous years' expenditure	21.0	26.9	−5.9	−21.9
Services and service fees	53.0	51.3	1.7	3.3
Proceeds from sales	24.0	28.5	−4.5	−15.8
Privileges, licences and permits	30.0	27.2	2.8	10.3
Bullion and coinage	12.0	9.7	2.3	23.7
Premium, discount and exchange	0.2	0.2		
Other	9.8	8.8	1.0	11.4
	798.0	719.7	78.3	10.9

Return on investments

These receipts, in an amount of $414 million, consist of income derived from loans and advances made by the government and from investments by the government in productive or earning assets. In 1963–64 receipts were $366 million.

TABLE 6
(in millions of dollars)

Return on Investments	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Loans to, and investments in, Crown corporations—			
Bank of Canada—profits	128.0	116.4	11.6
Canadian National Railways	12.7	13.0	−0.3
Canadian Overseas Telecommunication Corporation	2.9	2.6	0.3
Central Mortgage and Housing Corporation	90.5	85.5	5.0
Eldorado Mining and Refining Limited	1.5	2.0	−0.5
Export Credits Insurance Corporation	2.1	1.1	1.0
Farm Credit Corporation	14.0	10.9	3.1
National Capital Commission	2.6	2.3	0.3
National Harbours Board	3.6	3.4	0.2
Northern Canada Power Commission	2.5	1.6	0.9
Northern Ontario Pipe Line Crown Corporation	0 7	1.6	−0.9
Polymer Corporation Limited	3.8	3.5	0.3
The St. Lawrence Seaway Authority	42.8	2.6	40.2
Miscellaneous	0.9	0.5	0.4
	308.6	*247.0*	*61.6*
Other loans and investments—			
United Kingdom	1.2	21.1	−19.9
Other national governments	5.9	5.1	0.8
Provincial governments	0.7	1.3	−0.6
Soldier and general land settlement loans and veterans land act advances	7.2	7.4	−0.2
Exchange fund account	62.0	62.6	−0.6
Securities investment account	3.5	1.4	2.1
Sinking fund and other investments held for retirement of unmatured debt	1.7	0.3	1.4
Interest-bearing deposits with chartered banks	17.8	13.7	4.1
Profit on bond exchange	0.9	2.7	−1.8
Unemployment Insurance Commission	0.2	0.2	
Miscellaneous	4.3	3.6	0.7
	105.4	*119.4*	*−14.0*
	414.0	366.4	47.6

Receipts from Crown corporations at $309 million are $62 million more than in the previous year. The main changes are increases of $12 million in the Bank of Canada profits paid to the government and $40 million in payments by The St. Lawrence Seaway Authority in respect of deferred interest.

The yield from other loans and investments of $105 million compares with $119 million in 1963–64. The decrease of $14 million is more than accounted for by a reduction of $20 million in interest received on the loan to the United Kingdom caused by the deferment of the interest payment due December 31 1964.

Post office revenue

Gross post office receipts are $268 million but authorized disbursements from revenue for salaries and rent allowances, other allowances and commissions at semi-staff and revenue offices, commissions at sub-offices, transit charges on Canadian mail forwarded through and delivered in foreign countries, etc., in the amount of $34 million, brings net revenue to $234 million. In the previous fiscal year gross revenue was $236 million, authorized disbursements were $35

million and net revenue was $201 million. The increase of $33 million in net post office receipts is due mainly to increases in several postal rates and in the volume of mail.

TABLE 7
(in millions of dollars)

Post Office Revenue	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Postage—			
In Canada	249.7	219.3	30.4
From foreign countries	4.5	4.4	0.1
Commission on money orders	9.3	8.4	0.9
Rental of post office boxes	2.2	2.1	0.1
Other	1.8	1.6	0.2
	267.5	*235.8*	*31.7*
Less—			
Salaries and allowances at semi-staff and revenue offices	−28.8	−30.0	1.2
Transit charges on foreign correspondence	−1.3	−1.8	0.5
Other	−3.4	−3.3	−0.1
	−33.5	*−35.1*	*1.6*
	234.0	200.7	33.3

As costs of operating the Post Office Department during 1964–65 (excluding the $34 million charged to revenue) amount to $211 million, net revenue exceeds costs by $23 million. However, in making this comparison, it should be noted that the total shown for post office revenue does not reflect any payment for the franking privilege covering parliamentary and departmental mail or for certain miscellaneous services provided for other government departments and agencies, nor does the total for operating expenses reflect any charges for premises occupied by the Post Office Department or for certain accounting and miscellaneous services provided by other departments.

Refunds of previous years' expenditure

Refunds in 1964–65 of expenditures made in prior years are $21 million, a decrease of $6 million from the comparable total for 1963–64.

The Department of National Defence received $12 million due mainly to refunds of $3 million on defence contracts and a refund of $5 million from Canadair Limited of federal sales tax paid by the department, and the Department of Veterans Affairs received $2 million in refunds of veterans' pensions, allowances and re-establishment credits.

Services and service fees

Revenue at $53 million during 1964–65 is $2 million more than the previous fiscal year.

The Department of Transport received $20 million, including aircraft landing fees of $11 million, marine steamers earnings of $4 million, harbour dues and wharfage of $2 million and air-ground radio service fees of $2 million; the Royal Canadian Mounted Police received $15 million for police services mainly to provinces and municipalities; the Department of Agriculture received $8 million, of which $5 million was for services in connection with the inspection, weighing, storage and elevation of grain and $1 million for race track supervision; the Department of National Health and Welfare received $5 million, due mainly to a reimbursement of $3 million by the provinces for treatment of Indians in federal government hospitals; and the Department of Trade and Commerce received $2 million mainly from weights and measures and electricity and gas inspection fees.

Proceeds from sales

Receipts of $24 million from this source are $5 million less than the total for 1963–64.

The Department of Defence Production received $9 million mainly from the sale of surplus Crown assets and Central Mortgage and Housing Corporation received $5 million from the sale of properties.

Privileges, licences and permits

Revenue from this category totals $30 million for 1964–65, $3 million more than receipts of $27 million in 1963–64.

The Department of Transport received $13 million mainly for rentals, concessions and radio licence fees; the Department of Northern Affairs and National Resources received $4 million, of which $1 million was in respect of oil and gas and $1 million for transient motor vehicle licences; the Department of Justice received $3 million for copyright, patent and trademark fees; and the Department of Public Works received $2 million for rental of public buildings and sites.

Bullion and coinage

Revenue of $12 million derived from the operations of the Royal Canadian Mint consists mainly of a net gain on coinage. Small amounts are also obtained from gold refining charges, handling charges and gain on gold refining. In 1963–64 revenue from this source was $10 million.

Other non-tax revenue

Other non-tax revenue in the amount of $10 million for 1964–65 is $1 million more than in 1963–64.

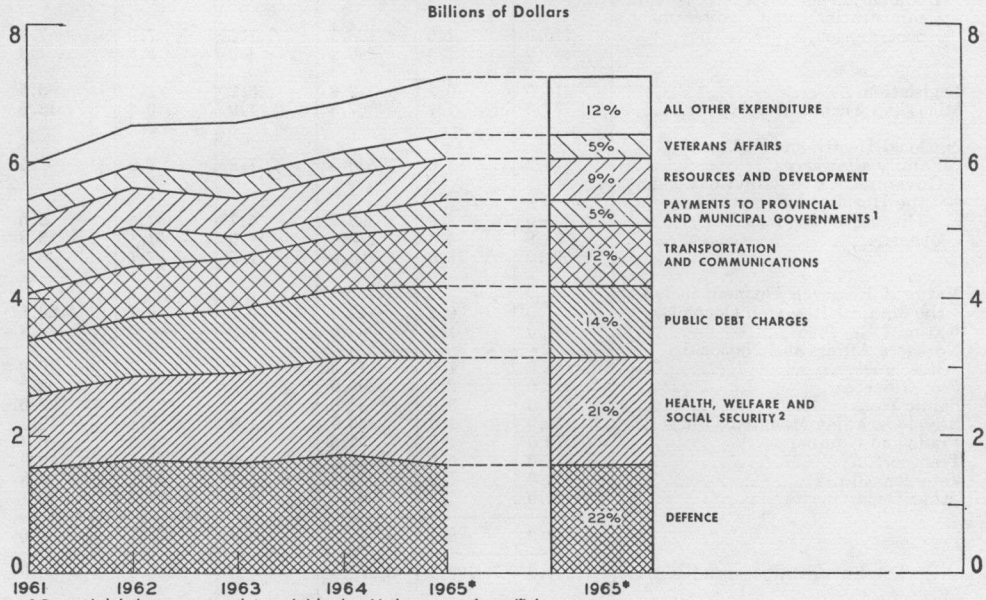
Expenditure

Budgetary expenditure is estimated at $7,219 million for 1964–65, $347 million or 5 per cent higher than in 1963–64.

BUDGETARY EXPENDITURE, CLASSIFIED BY FUNCTION

Fiscal Years Ended March 31

Billions of Dollars



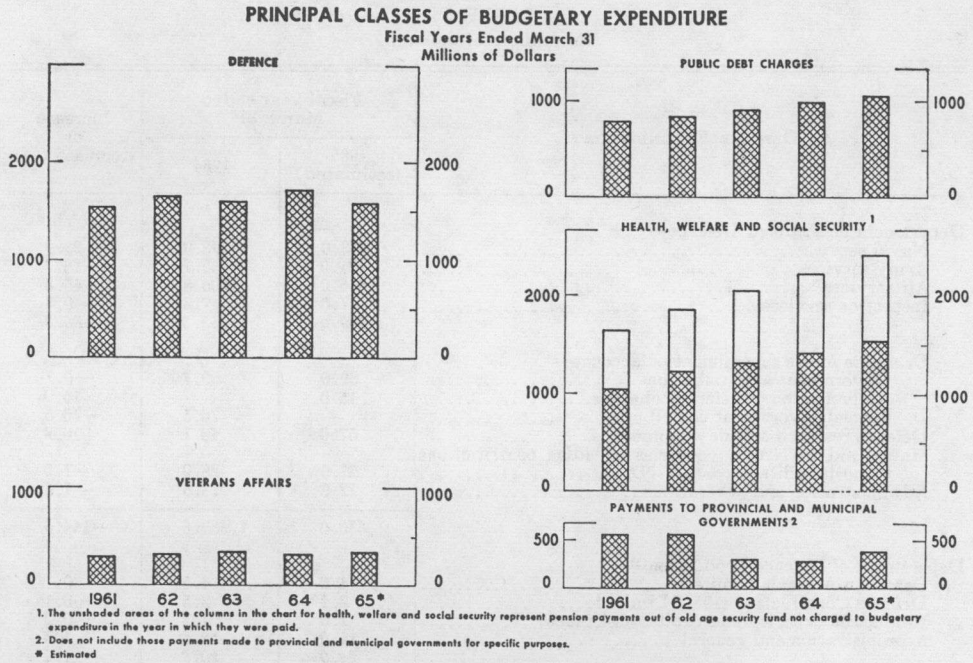
1. Does not include those payments made to provincial and municipal governments for specified purposes.
2. Does not include pension payments out of the old age security fund not charged to budgetary expenditure in the year in which they were paid.
* Estimated

TABLE 8

STATEMENT OF BUDGETARY EXPENDITURE BY DEPARTMENTS AND MAJOR CLASSIFICATIONS
(in millions of dollars)

—	Fiscal year ended March 31				Increase or decrease (−)	
	1965 (estimated)		1964			
	Amount	Per cent	Amount	Per cent	Amount	Per cent
Defence expenditure—						
National Defence	1,539.0	21.3	1,683.5	24.5	−144.5	−8.6
Defence Production[1]	22.0	0.3	20.6	0.3	1.4	6.8
Industry[1]	20.0	0.3	19.0	0.3	1.0	5.3
	1,581.0	21.9	1,723.1	25.1	−142.1	−8.2
Non-defence expenditure—						
Agriculture	168.0	2.3	225.7	3.3	−57.7	−25.6
Atomic Energy	47.0	0.7	45.9	0.7	1.1	2.4
Canadian Broadcasting Corporation	88.0	1.2	87.6	1.3	0.4	0.5
Central Mortgage and Housing Corporation	14.0	0.2	13.5	0.2	0.5	3.7
Citizenship and Immigration	83.0	1.1	71.5	1.0	11.5	16.1
External Affairs	128.0	1.8	97.0	1.4	31.0	32.0
Finance—						
Public debt charges	1,048.2	14.5	993.7	14.5	54.5	5.5
Fiscal, subsidy and other payments to provinces	349.7	4.8	254.3	3.7	95.4	37.5
Government's contribution to the public service superannuation account	55.6	0.8	54.0	0.8	1.6	3.0
Other	120.5	1.7	104.4	1.5	16.1	15.4
	1,574.0	*21.8*	*1,406.4*	*20.5*	*167.6*	*11.9*
Fisheries	26.0	0.4	23.7	0.3	2.3	9.7
Forestry	50.0	0.7	41.8	0.6	8.2	19.6
Justice	54.0	0.7	41.0	0.6	13.0	31.7
Labour	168.0	2.3	172.3	2.5	−4.3	−2.5
Unemployment Insurance Act administration and government's contribution	116.0	1.6	108.1	1.5	7.9	7.3
	284.0	*3.9*	*280.4*	*4.0*	*3.6*	*1.3*
Legislation	14.0	0.2	12.9	0.2	1.1	8.5
Mines and Technical Surveys	77.0	1.1	67.8	1.0	9.2	13.6
National Health and Welfare—						
Family allowances	546.2	7.6	538.3	7.8	7.9	1.5
Government's contributions under the Hospital Insurance and Diagnostic Services Act	430.0	5.9	392.2	5.7	37.8	9.6
Other	324.8	4.5	273.4	4.0	51.4	18.8
	1,301.0	*18.0*	*1,203.9*	*17.5*	*97.1*	*8.1*
National Research Council, including the Medical Research Council	57.0	0.8	47.3	0.7	9.7	20.5
National Revenue	87.0	1.2	83.0	1.2	4.0	4.8
Northern Affairs and National Resources	85.0	1.2	77.3	1.1	7.7	10.0
Post Office	211.0	2.9	206.9	3.0	4.1	2.0
Public Works	213.0	3.0	154.8	2.2	58.2	37.6
Royal Canadian Mounted Police	75.0	1.0	66.9	1.0	8.1	12.1
Trade and Commerce	72.0	1.0	72.5	1.1	−0.5	−0.7
Transport	475.0	6.6	423.3	6.2	51.7	12.2
Veterans Affairs	353.0	4.9	333.7	4.9	19.3	5.8
Other Departments	102.0	1.4	64.5	0.9	37.5	58.1
	5,638.0	78.1	5,149.3	74.9	488.7	9.5
Total budgetary expenditure	7,219.0	100.0	6,872.4	100.0	346.6	5.0

[1] Does not include non-defence expenditure which is included in "All Other Departments".



DEFENCE EXPENDITURE

Expenditures of the Department of National Defence and defence expenditures of the Department of Defence Production and the Department of Industry are again the largest category of government expenditure. The total of $1,581 million for 1964–65 is 22 per cent of the aggregate budgetary expenditure of the government for the year and is $142 million less than the total of $1,723 million for 1963–64 when it was 25 per cent of total expenditure.

National Defence

Expenditures of the Department of National Defence are $1,539 million compared with $1,684 million in 1963–64.

Expenditures for air services are $655 million compared with $701 million in the previous fiscal year, for army services $434 million compared with $453 million, for naval services $273 million compared with $298 million and for inspection services $7 million, approximately the same as in the previous year.

The government's contribution to the Canadian forces superannuation account, of an amount equal to $1\frac{2}{3}$ times the contributions of permanent services personnel, is $59 million, $1 million less than that in the previous year. A further amount of $15 million, equal to one fifth of the actuarial deficiency of $75 million arising out of pay increases, will be charged to budgetary expenditure in 1964–65 upon parliamentary approval.

The expenditure of $15 million is due to a special contribution of $75 million credited to the Canadian forces superannuation account and charged to "deferred charges—unamortized portions of actuarial deficiencies" to provide for additional liabilities due to an actuarial evaluation arising out of pay increases. Actuarial deficiencies arising out of pay increases authorized in 1964–65 and subsequent years are to be amortized over a five year period commencing in the year in which the increase is authorized.

Defence research and development costs at $57 million compare with $46 million in 1963–64.

TABLE 9
(in millions of dollars)

Defence Expenditure	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Department of National Defence—			
Naval services	273.0	298.0	—25.0
Army services	434.0	452.7	—18.7
Air services	655.0	700.8	—45.8
Inspection services	7.0	7.3	—0.3
	1,369.0	*1,458.8*	*—89.8*
Canadian forces superannuation account—			
Government's contribution	59.0	59.7	—0.7
Amortization of deferred charges	15.0		15.0
Special government contribution		76.5	—76.5
Defence research and development	57.0	46.1	10.9
Mutual aid to NATO countries including contributions towards military costs of NATO	27.0	28.9	—1.9
Administration and general	12.0	13.5	—1.5
	1,539.0	1,683.5	—144.5
Department of Defence Production[1]—			
Canadian Arsenals Limited	4.6	4.5	0.1
Defence Construction (1951) Limited	2.4	2.5	—0.1
Production capacity and capital assistance	1.0	1.2	—0.2
Administration and general	14.0	12.4	1.6
	22.0	*20.6*	*1.4*
Department of Industry[1]—			
Technological capability	20.0	19.0	1.0
	1,581.0	1,723.1	—142.1

[1]See also under "All Other Departments" at the end of this section.

Mutual aid to NATO countries including contributions towards military costs of NATO at $27 million is $2 million less than in 1963–64.

Defence Production

Defence expenditures of the Department of Defence Production including those for Canadian Arsenals Limited and Defence Construction (1951) Limited total $22 million compared with $21 million in 1963–64.

Industry

Defence expenditures of the Department of Industry are $20 million, an increase of $1 million over the previous year. The increase is due to higher outlays in connection with the government program instituted in 1959–60 of supporting selected defence development programs in order to sustain technological capability in Canada's industry.

Cash outlays for defence

In addition to these budgetary expenditures for defence, there are other cash outlays which must be considered in arriving at the cost of Canada's defence program.

Section 11 of the National Defence Act provides that materiel, not immediately required for the use of the Canadian defence forces or the Defence Research Board, may be sold to such countries and upon such terms as the Governor in Council may determine. The proceeds of such sales are credited to

a special account to be used for the procurement of materiel. In 1964–65 credits to, and cash outlays from, the account are each less than $500 thousand. The balance in the account at March 31, 1965 is $1 million, approximately the same as at the previous fiscal year-end.

The Department of Defence Production also makes cash disbursements for the procurement of materials for use in the manufacture of defence equipment which are not recorded as budgetary expenditures. For purposes of accounting and control, these amounts are charged to the defence production revolving fund and are treated as assets on the books of the government until they are charged to the Department of National Defence or sold to defence contractors for use in the manufacture of defence equipment. During 1964–65 purchases of $85 million exceeded proceeds from sales of $84 million bringing the balance in the account at March 31, 1965 to $29 million.

TABLE 10
(in millions of dollars)

Cash Outlays for Defence	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Budgetary expenditures—			
Department of National Defence	1,539.0	1,683.5	−144.5
Department of Defence Production[1]	22.0	20.6	1.4
Department of Industry[1]	20.0	19.0	1.0
	1,581.0	*1,723.1*	*−142.1*
Disbursements for—			
Defence production revolving fund (net)	1.4	−11.3	12.7
Replacement of materiel account—sec. 11, National Defence Act (net)		0.1	−0.1
	1.4	*−11.2*	*12.6*
Net cash outlay for defence	1,582.4	1,711.9	−129.5

[1]See also under "All Other Departments" at the end of this section.

NON-DEFENCE EXPENDITURE

Agriculture

The expenditures of the Department of Agriculture amount to $168 million, a decrease of $58 million from the 1963–64 total of $226 million.

A decrease of $65 million in the operating loss of the agricultural stabilization board is offset in part by increases of $4 million in land rehabilitation, irrigation and water storage projects and $3 million in production and marketing costs.

The decrease in the operating loss of the agricultural stabilization board is due mainly to the fact that the 1963–64 loss included an inventory adjustment of $51 million.

Outlays for production and marketing are $42 million, an increase of $3 million over the 1963–64 expenditures.

Research expenditures at $29 million compare with $28 million in the previous year.

Expenditures for land rehabilitation, irrigation and water storage projects total $28 million, an increase of $4 million over the 1963–64 outlays.

TABLE 11
(in millions of dollars)

Agriculture	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Agricultural stabilization board—net operating loss	57.0	122.2	−65.2
Production and marketing—			
Animal and animal products	17.3	16.2	1.1
Plant and plant products	8.7	7.0	1.7
Health of animals	13.3	13.2	0.1
Administration and general	2.4	2.1	0.3
	41.7	*38.5*	*3.2*
Board of grain commissioners	6.8	6.7	0.1
Land rehabilitation, irrigation and water storage projects	27.5	23.7	3.8
Research	28.9	27.6	1.3
Prairie farm emergency fund—deficit	0.4	1.1	−0.7
Agricultural products board—net operating loss	0.3	1.0	−0.7
Farm credit corporation—net operating loss	1.5	1.1	0.4
Administration and general	3.9	3.8	0.1
	168.0	225.7	−57.7

Atomic Energy

Budgetary expenditures in respect of Atomic Energy of Canada Limited and the Atomic Energy Control Board are $47 million compared with $46 million in 1963–64.

During the fiscal year 1964–65, Atomic Energy of Canada Limited received $46 million from the Government of Canada in respect of its research program. Of this amount $35 million is for current operation and maintenance and $11 million for construction or acquisition of buildings, works, land and equipment. In 1963–64 the company received $45 million of which $31 million was for current operation and maintenance and $14 million for construction or acquisition.

TABLE 12
(in millions of dollars)

Atomic Energy	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Atomic Energy of Canada Limited—			
Research program—			
Current operation and maintenance	35.0	31.4	3.6
Construction or acquisition of buildings, works, land and equipment	10.5	13.5	−3.0
	45.5	*44.9*	*0.6*
Atomic Energy Control Board—			
Grants for research	1.4	0.9	0.5
Administration	0.1	0.1	
	1.5	*1.0*	*0.5*
	47.0	45.9	1.1

Atomic Energy of Canada Limited also received $5 million which is charged to expenditures of the external aid office of the Department of External Affairs on behalf of the Government of India for information and design data on nuclear power stations.

Canadian Broadcasting Corporation

Payments of $88 million by the government to the Canadian Broadcasting Corporation and charged to budgetary expenditure are approximately the same amount as in 1963–64.

Grants for net operating requirements are $86 million, $8 million more than in 1963–64. There are no grants for capital requirements in 1964–65 compared with $7 million in 1963–64.

In addition loans of $14 million were made to the corporation for capital expenditure.

TABLE 13
(in millions of dollars)

Canadian Broadcasting Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Grants in respect of national broadcasting service—			
Net operating requirements	85.9	78.4	7.5
Capital requirements		7.3	−7.3
	85.9	*85.7*	*0.2*
International broadcasting service	2.1	1.9	0.2
	88.0	87.6	0.4

Central Mortgage and Housing Corporation

The budgetary expenditures of the government in respect of Central Mortgage and Housing Corporation at $14 million are approximately the same as in 1963–64.

Loans in the amount of $7 million, originally made to municipalities and municipal sewerage corporations, were forgiven by Central Mortgage and Housing Corporation pursuant to section 36G of the National Housing Act and will be written off to budgetary expenditure upon parliamentary approval.

Contributions of $4 million to municipalities to assist in clearance, replanning, rehabilitation and modernization of blighted or sub-standard areas are approximately the same as in 1963–64.

TABLE 14
(in millions of dollars)

Central Mortgage and Housing Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Loans forgiven by the corporation	7.0	5.8	1.2
Contributions to municipalities to assist in clearance, replanning, etc.	4.0	3.8	0.2
Losses sustained—			
Federal-provincial projects	1.4	1.4	
Sale of mortgages	0.4	1.0	−0.6
	1.8	*2.4*	*−0.6*
Housing research and community planning	1.2	1.1	0.1
Construction of national defence housing		0.4	−0.4
	14.0	13.5	0.5

Citizenship and Immigration

Expenditures of the Department of Citizenship and Immigration (which includes Indian affairs) in the amount of $83 million are $12 million more than the 1963–64 total.

Indian affairs expenditures are $65 million, $10 million more than the previous fiscal year due to increases of $5 million in respect of education, $3 million for welfare, $2 million in administration and general costs and $1 million for Indian agencies and a decrease of $1 million for economic development.

Immigration expenditures of $15 million are $1 million higher than in the previous year.

TABLE 15
(in millions of dollars)

Citizenship and Immigration	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Indian affairs—			
Education	35.8	31.3	4.5
Welfare	17.0	13.6	3.4
Indian agencies	6.4	5.7	0.7
Economic development	2.6	3.5	−0.9
Administration and general	3.5	1.5	2.0
	65.3	*55.6*	*9.7*
Immigration	14.6	13.2	1.4
Citizenship	1.9	1.6	0.3
Administration and general	1.2	1.1	0.1
	83.0	71.5	11.5

External Affairs

Expenditures of the Department of External Affairs are $128 million for 1964–65, $31 million more than the previous year's total due mainly to outlays of $77 million by the external aid office which are $26 million more than in 1963–64.

TABLE 16
(in millions of dollars)

External Affairs	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
External aid office—			
Economic, technical, education and other assistance—			
Colombo plan	48.5	41.5	7.0
Grant to India re purchase of wheat	7.0		7.0
Miscellaneous	20.9	9.6	11.3
Administration	1.0	0.6	0.4
	77.4	*51.7*	*25.7*
Representation abroad	17.5	16.5	1.0
Contributions to international multilateral economic and special aid programs	9.7	7.6	2.1
Assessment for membership in international (including commonwealth) organizations	9.5	8.7	0.8
Other payments to international organizations and programs	1.0	2.9	−1.9
Administration and general	12.9	9.6	3.3
	128.0	97.0	31.0

Included in the expenditures of the external aid office is a payment of $5 million to Atomic Energy of Canada Limited on behalf of the Government of India for information and design data on nuclear power stations.

Finance

Expenditures for the Department of Finance are $1,574 million compared with $1,406 million in 1963–64.

The main changes resulting in the net increase of $168 million are increases of $95 million in payments to provinces and $55 million in public debt charges.

TABLE 17
(in millions of dollars)

Finance	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Public debt charges	1,048.2	993.7	54.5
Fiscal, subsidy and other payments to provinces	349.7	254.3	95.4
Public service superannuation account—			
Government's contribution	55.6	54.0	1.6
Amortization of deferred charges	10.0		10.0
	65.6	*54.0*	*11.6*
Grants to municipalities in lieu of taxes on federal property	34.0	31.5	2.5
Grants to universities—			
Payments to the Canadian Universities Foundation	27.1	26.8	0.3
Office of the Comptroller of the Treasury	25.0	23.8	1.2
Government's share of medical-surgical insurance premiums	9.3	9.3	
Government's contribution as an employer to the unemployment insurance fund	0.8	0.8	
Municipal development and loan board—forgiveness of indebtedness	2.5		2.5
Administration and general	11.8	12.2	−0.4
	1,574.0	1,406.4	167.6

Public debt charges

Public debt charges are again the third largest item of budgetary expenditure being surpassed only by those for defence and those for health, welfare and social security.

TABLE 18
(in millions of dollars)

Interest and Other Public Debt Charges	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Interest on public debt—			
Unmatured debt including treasury bills—			
Payable in Canada	781.0	745.3	35.7
Payable in London		0.3	−0.3
Payable in New York	16.0	16.4	−0.4
	797.0	*762.0*	*35.0*
Other liabilities—			
Annuity, insurance and pension accounts	208.0	189.4	18.6
Deposit and trust accounts	3.0	3.1	−0.1
	211.0	*192.5*	*18.5*
Total interest on public debt	1,008.0	954.5	53.5
Other public debt charges—			
Annual amortization of bond discounts and commissions	37.0	36.3	0.7
Cost of issuing new loans	1.9	1.9	
Servicing of public debt	1.3	1.0	0.3
	40.2	*39.2*	*1.0*
	1,048.2	993.7	54.5

Public debt charges consist of interest on the public debt, the annual amortization of bond discounts and commissions, the cost of issuing new loans and other costs incurred in servicing the public debt. These charges are $1,048 million for 1964–65 or 14 per cent of all budgetary expenditures compared with $994 million or 14 per cent for 1963–64.

Interest on public debt amounts to $1,008 million of which $797 million is in respect of unmatured debt and $211 million in respect of other liabilities. In 1963–64 the comparable amounts were $955 million, $762 million and $193 million respectively.

The increase of $35 million in interest on unmatured debt is due to an increase in unmatured debt. The increase in interest on other liabilities is due mainly to increases of $6 million in respect of the public service superannuation account and $8 million in respect of the Canadian forces superannuation account.

Other public debt charges at $40 million are $1 million higher than in 1963–64, mainly attributable to annual amortization of bond discounts and commissions.

When considering the magnitude of these public debt charges and the burden they place upon the public treasury, it must be borne in mind that a substantial portion of the debt is attributable to, or is invested in, productive or earning assets. Therefore, in calculating the *net* burden of the government's annual interest charges, the income derived from loans, investments and other productive assets must be taken into account. For 1964–65 this income totals $414 million as shown in the non-tax revenue section under the heading "return on investments". This amount deducted from the gross total of $1,008 million for interest as shown in the accompanying table leaves a net amount of $594 million compared with a net of $588 million in 1963–64. Measured as a percentage of the net debt the burden of the net annual interest charges is 3.82 per cent in 1964–65 compared with 3.90 per cent in 1963–64.

TABLE 19
(in millions of dollars)

Net Burden of Annual Interest Charges	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Total interest on public debt	1,008.0	954.5	53.5
Less return on investments	—414.0	—366.4	—47.6
Net interest cost	594.0	588.1	5.9
Net interest cost as a percentage of net debt	3.82	3.90	

Fiscal, subsidy and other payments to provinces

Payments to provinces in the amount of $350 million are $95 million more than in 1963–64.

However, in addition to the above payments, $486 million in provincial income taxes collected by the federal government on behalf of the provinces has been allocated to the provincial tax collection agreements account under the terms of the Federal-Provincial Fiscal Arrangements Act. A more detailed explanation of these arrangements is given in the tax revenue section of this Part.

TABLE 20
(in millions of dollars)

Fiscal, Subsidy and Other Payments to Provinces	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Payments under Federal-Provincial Fiscal Arrangements Act	311.7	220.9	90.8
Statutory subsidies	23.6	23.6	
Transfer of certain public utility tax receipts	10.6	9.8	0.8
Crown Corporations (Provincial Taxes and Fees) Act	3.8		3.8
	349.7	254.3	95.4

A summary of payments, by provinces, during 1964–65 is given in the following table:

TABLE 21
(in millions of dollars)

Fiscal, Subsidy and Other Payments to Provinces	Fiscal year ended March 31, 1965 (estimated)				
	Payments under fiscal arrangements	Statutory subsidies	Transfer of certain public utility tax receipts	Crown Corporations (Provincial Taxes and Fees) Act	Total
Newfoundland	37.4	1.7	0.2	0.4	39.7
Nova Scotia	40.3	2.1	0.7	0.2	43.3
Prince Edward Island	9.1	0.6	0.1	(1)	9.8
New Brunswick	35.9	1.8	(1)	(1)	37.7
Quebec	113.2	4.0	5.0	1.7	123.9
Ontario	15.1	4.6	1.1	1.1	21.9
Manitoba	25.5	2.1	0.1	(1)	27.7
Saskatchewan	25.6	2.1	(1)	(1)	27.7
Alberta	9.6	2.9	2.9	(1)	15.4
British Columbia		1.7	0.5	0.4	2.6
Yukon Territory				(1)	(1)
	311.7	23.6	10.6	3.8	349.7

(1) Less than $50,000.

Public service superannuation account

The government's contribution to the public service superannuation account, in an amount equal to the estimated current and prior service payments of individuals in 1963–64, is $56 million in 1964–65. In 1963–64 the government's contribution was $54 million.

A further amount of $10 million, equal to one fifth of the actuarial deficiency of $50 million arising out of pay increases, will be charged to budgetary expenditure in 1964–65 upon parliamentary approval.

The expenditure of $10 million is due to a special contribution of $50 million credited to the public service superannuation account and charged to "deferred charges—unamortized portions of actuarial deficiencies" to provide for additional liabilities due to an actuarial evaluation arising out of pay increases. Actuarial deficiencies arising out of pay increases authorized in 1963–64 are to be amortized over a five year period commencing in 1964–65 and those arising out of pay increases authorized in 1964–65 and subsequent years are to be amortized over a five year period commencing in the year in which the increase is authorized.

Municipal development and loan board—forgiveness of indebtedness

The municipal development and loan board, during the fiscal year 1964–65, forgave loans to municipalities in the amount of $1 million and provided a reserve of $2 million for forgiveness of indebtedness in accordance with sec. 11 of the Municipal Development and Loan Act.

Fisheries

Expenditures of the Department of Fisheries are $26 million in 1964–65, an increase of $2 million over the 1963-64 total.

TABLE 22
(in millions of dollars)

Fisheries	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Fisheries management and development—			
Conservation and development service	7.9	8.0	−0.1
Inspection service	2.2	2.2	
Canadian share of the expenses of international commissions	1.3	1.1	0.2
Newfoundland bait service	1.0	1.7	−0.7
Other	4.6	3.2	1.4
	17.0	*16.2*	*0.8*
Fisheries Research Board of Canada	7.5	6.2	1.3
Administration and general	1.5	1.3	0.2
	26.0	23.7	2.3

Forestry

Expenditures of the Department of Forestry amount to $50 million in 1964–65 compared with $42 million in 1963–64.

The increase of $8 million is due mainly to higher expenditures in respect of land rehabilitation, irrigation and water storage projects under the Maritime Marshland Rehabilitation Act and the Agricultural Rehabilitation and Development Act which are $10 million in 1964–65 compared with $5 million in 1963–64.

TABLE 23
(in millions of dollars)

Forestry	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Freight assistance and grain storage costs on western feed grains	19.5	18.7	0.8
Contributions to the provinces—			
Assistance in forest inventory, reforestation, forest fire protection and forest stand improvement	5.3	4.5	0.8
Forest access road construction	3.1	3.6	−0.5
	8.4	*8.1*	*0.3*
Forest entomology and pathology branch	5.5	5.5	
Forest research branch	3.1	2.5	0.6
Forest products research branch	1.7	1.2	0.5
Land rehabilitation, irrigation and water storage projects	10.0	4.6	5.4
Administration and general	1.8	1.2	0.6
	50.0	41.8	8.2

Justice

Expenditures of the Department of Justice at $54 million in 1964–65 are $13 million higher than in 1963–64, due mainly to outlays for construction or acquisition of buildings, works, land and equipment in respect of correctional services.

TABLE 24
(in millions of dollars)

Justice	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Legal and other services—			
Judges salaries, allowances and pensions	8.6	7.7	0.9
Patents, copyrights and trademarks	3.0	2.6	0.4
Administration and general	2.9	2.9	
	14.5	*13.2*	*1.3*
Correctional services—			
Administration, operation and maintenance	25.5	21.8	3.7
Construction and acquisition	14.0	6.0	8.0
	39.5	*27.8*	*11.7*
	54.0	41.0	13.0

Labour

Expenditures of the Department of Labour, including the Unemployment Insurance Commission, total $284 million in 1964–65 compared with $280 million in 1963–64.

TABLE 25
(in millions of dollars)

Labour	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Payments to provinces authorized by the Technical and Vocational Training Assistance Act	105.0	136.4	−31.4
Municipal winter works incentive program	36.9	26.7	10.2
Payments under the Government Employees Compensation Act	2.8	2.5	0.3
Winter house building program	14.5	0.1	14.4
Payments under the Vocational Rehabilitation of Disabled Persons Act	1.9	0.7	1.2
Administration and general	6.9	5.9	1.0
	168.0	*172.3*	*−4.3*
Unemployment Insurance Commission—			
Government's contribution to the fund	62.0	59.3	2.7
Administration and general	54.0	48.8	5.2
	116.0	*108.1*	*7.9*
	284.0	280.4	*3.6*

Under the winter house building program payments are made, in accordance with terms and conditions approved by the Governor in Council, of $500 per dwelling unit substantially built during the periods December 1, 1963 to April 15, 1964 and November 15, 1964 to March 31, 1965. In 1964–65 payments amount to $15 million compared with less than $100 thousand in 1963–64.

The Budget—Appendix

Payments under the municipal winter works incentive program to provinces and in respect of Indian bands are $37 million in 1964–65, $10 million higher than in 1963–64.

Payments of $105 million to provinces under the Technical and Vocational Training Assistance Act are $31 million less than the 1963–64 total.

Unemployment Insurance Commission

Administration and general costs of the commission amount to $54 million compared with $49 million in 1963–64. The government's contribution to the fund is $62 million compared with $59 million in 1963–64.

Unemployment benefit payments are not charged to budgetary expenditure but are paid from the fund which is financed by equal contributions from employers and employees, by interest earned on investments and by the government's contribution of an amount equal to one fifth of the combined employer-employee contributions. Further information about the fund is given under the liability category "annuity, insurance and pension accounts".

Legislation

Costs of Legislation in 1964–65 at $14 million are $1 million more than the 1963–64 total.

TABLE 26
(in millions of dollars)

Legislation	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
House of Commons	11.0	10.1	0.9
The Senate	2.6	2.5	0.1
Library of Parliament	0.4	0.3	0.1
	14.0	12.9	1.1

Mines and Technical Surveys

Expenditures of the Department of Mines and Technical Surveys at $77 million are $9 million more than the 1963–64 total.

TABLE 27
(in millions of dollars)

Mines and Technical Surveys	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Dominion coal board	23.2	20.6	2.6
Emergency gold mining assistance	15.6	15.0	0.6
Field and air surveys	6.9	6.7	0.2
Marine surveys and research	10.0	7.0	3.0
Geological research	7.1	6.6	0.5
Mining and metallurgical investigations and research	5.8	5.3	0.5
Research in astronomy and geophysics	3.1	2.4	0.7
Polar continental shelf	1.6	1.5	0.1
Administration and general	3.7	2.7	1.0
	77.0	67.8	9.2

Outlays of $23 million for the Dominion Coal Board consist mainly of payments in connection with the movement of coal under conditions prescribed by the Governor in Council and to a lesser extent to subventions in respect of eastern coal under agreements entered into pursuant to the Atlantic Provinces Power Development Act. In 1963–64 these payments totalled $21 million.

Payments of $16 million under the Emergency Gold Mining Assistance Act are $1 million higher than in 1963–64.

Outlays of $10 million for marine surveys and research consist of $7 million for administration, operation and maintenance and $3 million for construction or acquisition of buildings, works, land and equipment. In 1963–64 comparable amounts were $7 million, $6 million and $1 million.

National Health and Welfare

Expenditures of the Department of National Health and Welfare are $1,301 million, an increase of $97 million over the 1963-64 total.

Welfare services account for $767 million, an increase of $51 million over 1963–64 and health services account for $494 million, an increase of $42 million.

TABLE 28
(in millions of dollars)

National Health and Welfare	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Welfare services—			
Family allowances	546.2	538.3	7.9
Youth allowances	27.2		27.2
Old age assistance	45.2	39.2	6.0
Blind persons allowances	5.6	5.0	0.6
Disabled persons allowances	23.3	20.2	3.1
Unemployment assistance	111.0	107.4	3.6
Fitness and amateur sport	3.0	1.6	1.4
Other	5.3	4.1	1.2
	766.8	*715.8*	*51.0*
Health services—			
Government's contributions under the Hospital Insurance and Diagnostic Services Act	430.0	392.2	37.8
Grants to provinces—			
General health	35.5	31.0	4.5
Hospital construction	22.0	22.0	
Other	6.8	6.9	−0.1
	494.3	*452.1*	*42.2*
Medical services	33.2	30.6	2.6
Food and drug services	4.4	3.4	1.0
Administration and general	2.3	2.0	0.3
	1,301.0	1,203.9	97.1

Family allowances

Family allowances are payable in respect of all children under sixteen years of age, resident in Canada, with minor exceptions such as in the case of children of immigrants who must reside in Canada one year before an allowance is payable. The monthly allowance is $6 if the child is under 10 years of age and $8 in the age group 10 to 15. Children of immigrants receive family assistance at the same rates during their first year of residence in Canada from appropriations of the Department of Citizenship and Immigration.

In 1964–65 payments of $546 million account for 8 per cent of all budgetary expenditure compared with $538 million and 8 per cent in 1963–64. The increase of $8 million reflects the increase in the number of children in the eligible age groups.

TABLE 29
(in millions of dollars)

Family Allowances Payments	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Newfoundland	16.9	16.7	0.2
Nova Scotia	21.8	21.8	
Prince Edward Island	3.3	3.3	
New Brunswick	19.1	19.2	−0.1
Quebec	164.1	162.2	1.9
Ontario	179.0	175.5	3.5
Manitoba	26.0	25.7	0.3
Saskatchewan	26.9	26.7	0.2
Alberta	42.1	41.2	0.9
British Columbia	45.7	44.7	1.0
Northwest and Yukon Territories	1.3	1.3	
	546.2	538.3	7.9

Youth allowances

An Act to provide for the payment of Youth Allowances was given Royal Assent on July 16, 1964.

Under provisions of this act payments of $10 per month are payable in respect of all persons resident in Canada who have attained the age of 16 years and have not attained the age of 18 years who are in full time attendance at a school or university or are by reason of mental or physical infirmity precluded from attending school or university. Payments were effective from September 1964. During 1964–65 payments amount to $27 million.

Old age assistance, disabled persons allowances, blind persons allowances and unemployment assistance

Under the Old Age Assistance Act, the federal government reimburses the provinces by paying 50 per cent of the lesser of $75 monthly or the amount of assistance given by the provinces in the form of monthly pensions to eligible persons in need who are in the age group 65 to 69. (Under the Old Age Security Act, all persons 70 years and over who satisfy the residence requirements of the act may receive a pension of $75 per month from the federal government out of the old age security fund.) Similarly, the federal government reimburses the provinces under the Blind Persons Act for allowances of not more than $75 per month to blind persons in need 18 years of age or over by paying 75 per cent of the total payments, and under the Disabled Persons Act by paying 50 per cent of not more than $75 per month for allowances to disabled persons in need 18 years of age or over. In 1964–65 payments for old age assistance of $45 million, for disabled persons allowances of $23 million and for blind persons allowances of $6 million compare with $39 million, $20 million and $5 million respectively in 1963–64.

These increases resulted from amendments to the Old Age Assistance Act, the Blind Persons Act and the Disabled Persons Act which raised the maximum pension towards which the federal government would contribute from $65 to $75 per month, effective December 1, 1963.

Under the Unemployment Assistance Act, the Minister may, with the approval of the Governor in Council, enter into an agreement with any province for the payment by Canada to the province of contributions not exceeding 50 per cent of unemployment assistance costs in the province. All provinces have signed agreements with the federal government. Contributions in 1964–65 in the amount of $111 million compare with $107 million in 1963–64.

The following table presents a distribution of these payments to provinces for 1964–65:

TABLE 30
(in millions of dollars)

Federal Share of Old Age Assistance, Disabled Persons Allowances, Blind Persons Allowances and Unemployment Assistance	Fiscal year ended March 31, 1965 (estimated)			
	Old age assistance	Disabled persons allowances	Blind persons allowances	Unemployment assistance
Newfoundland	2.2	0.8	0.3	4.8
Nova Scotia	2.3	1.4	0.5	1.9
Prince Edward Island	0.5	0.4	0.1	0.3
New Brunswick	2.3	1.0	0.4	1.8
Quebec	16.7	9.1	1.9	40.5
Ontario	10.5	7.3	1.2	25.4
Manitoba	2.4	0.7	0.3	5.3
Saskatchewan	2.3	0.8	0.2	4.9
Alberta	2.9	0.8	0.3	8.8
British Columbia	3.0	1.0	0.4	17.2
Northwest and Yukon Territories	0.1	(1)	(1)	0.1
	45.2	23.3	5.6	111.0

(1) Less than $50,000.

Government's contributions under the Hospital Insurance and Diagnostic Services Act

Contributions of $430 million to the provinces under the Hospital Insurance and Diagnostic Services Act are $38 million higher than the 1963–64 total of $392 million.

TABLE 31
(in millions of dollars)

Government's Contributions Under the Hospital Insurance and Diagnostic Services Act	Fiscal year ended March 31		Increase
	1965 (estimated)	1964	
Newfoundland	9.9	8.7	1.2
Nova Scotia	15.2	15.2	
Prince Edward Island	2.1	1.9	0.2
New Brunswick	14.2	12.6	1.6
Quebec	123.2	113.9	9.3
Ontario	152.1	136.0	16.1
Manitoba	20.6	19.7	0.9
Saskatchewan	23.0	21.3	1.7
Alberta	32.9	28.3	4.6
British Columbia	35.9	33.7	2.2
Northwest and Yukon Territories	0.9	0.9	
	430.0	392.2	37.8

General health grants and hospital construction grants to provinces

Grants to provinces for general health services total $36 million and for hospital construction $22 million in 1964–65 compared with $31 million and $22 million respectively in 1963–64.

TABLE 32
(in millions of dollars)

General Health Grants and Hospital Construction Grants	Fiscal year ended March 31, 1965 (estimated)		
	General health grants	Hospital construction grants	Total
Newfoundland	1.0	0.5	1.5
Nova Scotia	1.7	0.9	2.6
Prince Edward Island	0.3	(1)	0.3
New Brunswick	1.3	1.0	2.3
Quebec	10.6	6.0	16.6
Ontario	10.7	6.9	17.6
Manitoba	2.0	1.1	3.1
Saskatchewan	1.8	1.2	3.0
Alberta	2.7	2.5	5.2
British Columbia	3.3	1.9	5.2
Northwest and Yukon Territories	0.1	(1)	0.1
	35.5	22.0	57.5

(1)Less than $50,000.

National Research Council, including the Medical Research Council

Expenditures of the National Research Council, including the Medical Research Council, are $57 million compared with $47 million for 1963–64. An increase of $6 million in scholarships and grants in aid of research account for most of the change.

TABLE 33
(in millions of dollars)

National Research Council, including the Medical Research Council	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Scholarships and grants in aid of research	23.6	17.7	5.9
Construction or acquisition of buildings, works, land and equipment	4.8	4.4	0.4
Assistance towards research in industry	2.2	1.6	0.6
Administration and general	26.4	23.6	2.8
	57.0	47.3	9.7

National Revenue

Expenditures of the Department of National Revenue amount to $87 million, an increase of $4 million over the 1963–64 total.

TABLE 34
(in millions of dollars)

National Revenue	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Customs and excise division	44.0	42.3	1.7
Taxation division	42.7	40.5	2.2
Income tax appeal board	0.3	0.2	0.1
	87.0	83.0	4.0

Northern Affairs and National Resources

Expenditures of the Department of Northern Affairs and National Resources at $85 million are $8 million more than 1963–64 expenditures.

TABLE 35
(in millions of dollars)

Northern Affairs and National Resources	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Northern administration branch	35.1	34.1	1.0
National parks branch	27.2	23.0	4.2
Water resources branch	12.3	10.3	2.0
Contributions to the provinces to assist in the development of roads leading to resources	8.6	8.1	0.5
Administration and general	1.8	1.8	
	85.0	77.3	7.7

Expenditures in respect of the national parks branch increased by $4 million due mainly to an increase of $3 million in construction costs.

The increase of $2 million in expenditures of the water resources branch was due to an increase of $1 million in administration costs and $1 million in contributions to provinces towards the construction of dams and other works to assist in the conservation and control of water resources in accordance with agreements entered into between Canada and the provinces.

Post Office

Costs of the Post Office Department charged to budgetary expenditure are $211 million compared with $207 million in 1963–64.

TABLE 36
(in millions of dollars)

Post Office	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Charged to budgetary expenditure—			
Operations—salaries and other expenses of staff post offices, district offices and railway mail services; and supplies and equipment and other items for revenue post offices	136.0	135.6	0.4
Transportation—movement of mail by land, air and water	68.8	65.9	2.9
Financial services	3.5	3.3	0.2
Administration and general	2.7	2.1	0.6
	211.0	*206.9*	*4.1*
Charged to revenue—			
Operations—salaries of postmasters and staffs at revenue and semi-staff offices, commissions paid at sub-offices and other disbursements	33.5	35.1	−1.6
	244.5	242.0	2.5

Costs of operations at $136 million are approximately the same as in the previous year and costs of movement of mail are $3 million more than in 1963–64.

Remuneration of postmasters and staffs at revenue and semi-staff offices and certain other authorized disbursements are paid from revenue. These payments at $34 million ($1 million less than in 1963–64) bring gross post office expenditures to $245 million in 1964–65.

Public Works

Expenditures of the Department of Public Works amount to $213 million, $58 million more than in 1963–64.

TABLE 37
(in millions of dollars)

Public Works	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Accommodation services—			
Maintenance and operation of public buildings and grounds—			
Ottawa and Hull	20.2	18.8	1.4
Other than Ottawa and Hull	31.0	27.5	3.5
Office furniture and furnishings	2.3	1.8	0.5
Acquisition of equipment and furnishings other than office furnishings	1.6	0.6	1.0
Construction, acquisition, major repairs, etc. of public buildings—			
Ottawa	12.4	11.4	1.0
Other than Ottawa	17.6	14.2	3.4
	85.1	*74.3*	*10.8*
Harbours and rivers engineering services—			
Operation and maintenance	6.6	6.8	−0.2
Construction or acquisition of equipment	0.7	0.4	0.3
Construction, acquisition, major repairs, etc. of harbour and river works	20.9	16.4	4.5
	28.2	*23.6*	*4.6*
Roads, bridges and other engineering services—			
Operation and maintenance	0.4	0.4	
International, interprovincial and other bridges	2.8	2.6	0.2
Northwest highway system	9.3	0.1	9.2
Trans-Canada highway—			
Contributions to provinces under terms of the Trans-Canada Highway Act	74.1	39.2	34.9
Construction through national parks	0.2	2.1	−1.9
	86.8	*44.4*	*42.4*
Testing laboratories	1.1	1.0	0.1
Administration and general	11.8	11.5	0.3
	213.0	154.8	58.2

Accommodation services

Expenditures for these services are $85 million, $11 million higher than the 1963–64 total.

Maintenance and operation of public buildings, etc. at $53 million are $5 million higher, acquisition of equipment, etc. at $2 million are $1 million higher and construction or acquisition of buildings, etc. at $30 million are $4 million higher than in 1963–64.

Harbours and rivers engineering services

Expenditures for these services total $28 million, $5 million higher than in 1963–64 due mainly to an increase in costs of construction or acquisition, etc. of harbour and river works which are $21 million compared with $16 million in the previous year.

Roads, bridges and other engineering services

Expenditures for these services total $87 million, $42 million higher than in 1963–64.

Contributions to provinces in respect of the trans-Canada highway of $74 million are $35 million higher, outlays of $9 million in respect of the northwest highway system are $9 million higher and costs of constructing the trans-Canada highway through national parks at $200 thousand are $2 million lower than in 1963–64.

Royal Canadian Mounted Police

Expenditures of the Royal Canadian Mounted Police are $75 million in 1964–65 compared with $67 million in 1963–64. Arising from these expenditures are receipts of $15 million, which are credited to revenue, for policing certain provinces, territories and municipalities. In 1963–64 the same amount was received and credited to revenue.

Included in the headquarters administration costs is an amount of $700 thousand, equal to one fifth of the actuarial deficiency of $3½ million in the Royal Canadian Mounted Police superannuation account due to an actuarial evaluation arising out of pay increases, which will be charged to budgetary expenditure in 1964–65 upon parliamentary approval.

TABLE 38
(in millions of dollars)

Royal Canadian Mounted Police	Fiscal year ended March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Land, air and training divisions	56.1	49.6	6.5
Headquarters administration and national police services	9.6	8.4	1.2
Pensions and other benefits	4.2	4.0	0.2
Government's contribution to Royal Canadian Mounted Police superannuation account	3.1	3.1	
Marine services	2.0	1.8	0.2
	75.0	66.9	8.1

Trade and Commerce

Expenditures of the Department of Trade and Commerce at $72 million are approximately the same as in 1963–64. The main change is a decrease of $6 million in the carrying costs of temporary wheat reserves which is more than offset by small increases in the other categories.

TABLE 39
(in millions of dollars)

Trade and Commerce	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Canadian Wheat Board—			
Carrying costs of temporary wheat reserves	34.0	39.6	−5.6
Prairie Grain Advance Payments Act	0.6	0.9	−0.3
	34.6	*40.5*	*−5.9*
Dominion Bureau of Statistics	13.5	12.3	1.2
Trade commissioner service	6.8	6.3	0.5
Canadian government travel bureau	5.0	3.9	1.1
Standards Branch	3.3	3.0	0.3
National Energy Board	0.7	0.6	0.1
Administration and general	8.1	5.9	2.2
	72.0	72.5	−0.5

Transport

Expenditures of the Department of Transport are $475 million, an increase of $52 million over 1963–64 expenditures of $423 million.

Air services

Outlays for air services at $136 million are $15 million higher than the 1963–64 total due mainly to an increase of $9 million in the expenditures of the telecommunications and electronics branch of which $4 million is in construction or acquisition of buildings, etc. with respect to the satellite communications ground station and $3 million is in administration, operation and maintenance and an increase of $4 million in the expenditures of the civil aviation branch of which $1 million was for the purchase of property for the extension of the Vancouver international airport.

Railway and steamship services

Expenditures for these services are $106 million compared with $99 million in 1963–64.

Cost of construction or acquisition of buildings, works and land, etc. are $10 million, $9 million higher than 1963–64 costs; the subsidy in respect of a railway to Great Slave Lake is $25 million, $3 million higher than in 1963–64; and payments under the Maritime Freight Rates Act are $15 million, $2 million higher than in 1963–64.

Outlays in respect of the Victoria Bridge, Montreal are $1 million due to the discontinuance of tolls. In 1963–64 expenditures totalled $7 million of which $4 million reflected the discontinuance of the collection of tolls and $3 million was for rail diversion.

The charge of $39 million to budgetary expenditures in 1964–65 to cover the 1964 operating deficit of the Canadian National Railways is $4 million less than the charge of $43 million in 1963–64 to cover the railway's 1963 operating deficit.

Board of Transport Commissioners

Expenditures in respect of the board amount to $84 million in 1964–65 compared with $82 million in 1963–64.

Included are $70 million in payments to the railways for the maintenance of the rates of freight traffic compared with $68 million in 1963–64, $7 million in

each year in payments to the railways for maintenance of trackage and $5 million in each year in contributions to the railway grade crossing fund.

Marine services

Expenditures for marine services of $64 million are approximately the same as in 1963–64. These include $37 million in respect of the Canadian coast guard, $2 million higher than in 1963–64 and $11 million in respect of aids to navigation which in 1963–64 cost $13 million.

Canadian Maritime Commission

Expenditures of the commission in the amount of $41 million are $9 million less than in 1963–64 due mainly to a reduction from $40 million in 1963–64 to $32 million in 1964–65 in capital subsidies for the construction of commercial and fishing vessels.

TABLE 40
(in millions of dollars)

Transport	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Air services—			
Civil aviation branch	66.2	62.5	3.7
Telecommunications and electronics branch	41.0	32.3	8.7
Meteorological branch	22.5	20.6	1.9
Administration	6.3	5.7	0.6
	136.0	*121.1*	*14.9*
Railway and steamship services—			
Railway to Great Slave Lake	25.0	21.7	3.3
Maritime Freight Rates Act—			
Difference between tariffs and normal tolls	15.1	13.4	1.7
Victoria Bridge	0.8	6.7	−5.9
Construction or acquisition	10.3	1.4	8.9
Deficits—			
Canadian National Railways	38.7	43.0	−4.3
Newfoundland ferry and terminals	11.0	8.6	2.4
Prince Edward Island car ferry and terminals	4.1	3.3	0.8
Yarmouth, N.S.—Bar Harbour, Maine, U.S.A. ferry service	0.3	0.2	0.1
Other	0.7	0.4	0.3
	106.0	*98.7*	*7.3*
Board of Transport Commissioners for Canada—			
Payments to the railways for the maintenance of the rates of freight traffic	70.4	68.1	2.3
Maintenance of trackage	7.0	7.0	
Contributions to the railway grade crossing fund	5.1	5.1	
Administration and general	1.5	1.4	0.1
	84.0	*81.6*	*2.4*
Marine services—			
Canadian coast guard	36.9	35.4	1.5
Aids to navigation	11.1	12.6	−1.5
Marine regulations	3.3	3.4	−0.1
Ship channel services—St. Lawrence and Saguenay rivers	3.2	7.1	−3.9
Canals	8.1	4.4	3.7
Administration and general	1.4	1.2	0.2
	64.0	*64.1*	*−0.1*
Canadian Maritime Commission	41.2	49.8	−8.6
National Harbours Board	8.2	0.3	7.9
Canals and works entrusted to The St. Lawrence Seaway Authority	30.0	3.0	27.0
Administration and general	5.6	4.7	0.9
	475.0	423.3	51.7

National Harbours Board

Non-active advances to the board in 1964–65 total $8 million compared with $300 thousand in 1963–64. The increase is due mainly to advances of $7 million to cover expenditures in connection with the 1967 World Exhibition.

Canals and works entrusted to The St. Lawrence Seaway Authority

The increase in this account is due to a payment of $27 million to The St. Lawrence Seaway Authority to reimburse the authority in respect of the accumulated Welland canal deficit incurred by the authority for the calendar years 1959 to 1964. As provided for by The St. Lawrence Seaway Authority Act the Welland canal was transferred from the Department of Transport to The St. Lawrence Seaway Authority for operation and management effective April 1, 1959.

Veterans Affairs

Expenditures of the Department of Veterans Affairs at $353 million are $19 million higher than 1963–64 expenditures.

TABLE 41
(in millions of dollars)

Veterans Affairs	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Welfare services, allowances and other benefits—			
War veterans allowances	97.0	86.7	10.3
Other benefits including treatment allowances	5.5	5.2	0.3
War service gratuities and re-establishment credits	0.5	0.5	
Administration and general	4.0	4.0	
	107.0	*96.4*	*10.6*
Pensions—			
Disability or death	179.3	173.2	6.1
Administration and general	2.7	2.6	0.1
	182.0	*175.8*	*6.2*
Treatment services	48.7	46.4	2.3
Soldier settlement and veterans land act—			
Provision for reserve for conditional benefits	3.1	3.2	−0.1
Administration and general	4.5	4.5	
	7.6	*7.7*	*−0.1*
Administration and general	7.7	7.4	0.3
	353.0	333.7	19.3

War veterans allowances of $97 million are $10 million higher than in 1963–64, pensions of $179 million for disability or death are $6 million higher and costs of $49 million for treatment services are $2 million higher.

All Other Departments

Expenditures of the departments not dealt with individually amount to $102 million, an increase of $38 million over the total for 1963–64.

TABLE 42
(in millions of dollars)

All Other Departments	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Atlantic Development Board	4.4	0.2	4.2
Auditor General's Office	1.6	1.3	0.3
Board of Broadcast Governors	0.4	0.3	0.1
Canadian Corporation for the 1967 World Exhibition	23.0	1.1	21.9
Office of the Chief Electoral Officer	0.6	11.9	−11.3
Civil Service Commission	6.4	5.2	1.2
Defence Production[1]	2.4	1.9	0.5
Economic Council of Canada	0.9	0.2	0.7
Emergency Measures Organization	8.0	6.9	1.1
Governor General and Lieutenant-Governors	0.7	0.5	0.2
Industry[1]	3.2	0.7	2.5
Insurance	1.5	1.4	0.1
National Capital Commission	9.9	12.2	−2.3
National Film Board	6.4	5.8	0.6
National Gallery of Canada	1.3	1.1	0.2
Privy Council	4.5	2.9	1.6
Public Archives and National Library	1.5	1.1	0.4
Public Printing and Stationery	2.8	2.2	0.6
Office of the Representation Commissioner	0.2	[2]	0.2
Secretary of State	22.3	7.6	14.7
	102.0	64.5	37.5

[1] See also under defence expenditures at the beginning of this section.
[2] Less than $50,000.

Expenditures of the National Capital Commission which in previous years were included in the expenditures of the Department of Public Works and the Canadian Corporation for the 1967 World Exhibition which in the previous year were included in the Department of Trade and Commerce are now included as separate headings under "All Other Departments".

The increase of $22 million in expenditures of the Canadian Corporation for the 1967 World Exhibition is due to an expenditure of $6 million for the federal share of the cost of construction of an ice control structure and an increase of $16 million in advances to the corporation. The increase of $15 million in the expenditures of the Department of the Secretary of State is due mainly to a grant of $10 million to be made, upon parliamentary approval, to the Canada Council for the purposes of the arts, humanities and social sciences. The decrease of $11 million in expenditures of the Office of the Chief Electoral Officer is due to a reduction in costs for elections.

ASSET AND LIABILITY ACCOUNTS

The assets and liabilities of the Government of Canada at March 31, 1965, the comparable balances at March 31, 1964 and the changes in each category during 1964–65, are shown in condensed form in the following table.

TABLE 43

SUMMARY OF ASSETS AND LIABILITIES OF CANADA
(in millions of dollars)

—	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
LIABILITIES			
Current and demand liabilities	1,521.5	1,620.0	−98.5
Deposit and trust accounts	237.2	196.5	40.7
Annuity, insurance and pension accounts	5,684.0	5,131.0	553.0
Undisbursed balances of appropriations to special accounts	105.7	111.6	−5.9
Deferred credits	110.8	119.4	−8.6
Suspense accounts	6.0	5.1	0.9
Unmatured debt	18,982.7	18,740.1	242.6
Total liabilities	26,647.9	25,923.7	724.2
ASSETS			
Current assets	1,294.6	1,287.1	7.5
Advances to the exchange fund account	2,621.0	2,601.0	20.0
Sinking fund and other investments held for retirement of unmatured debt	6.0		6.0
Loans to, and investments in, Crown corporations	5,007.5	4,584.2	423.3
Loans to national governments	1,207.0	1,195.7	11.3
Other loans and investments	1,160.1	1,197.8	−37.7
Securities held in trust	39.0	38.9	0.1
Deferred charges—			
Unamortized portions of actuarial deficiencies—			
Canadian forces superannuation account	60.0		60.0
Public service superannuation account	39.8	276.7	−236.9
Royal Canadian Mounted Police superannuation account	2.9		2.9
Unamortized loan flotation costs	112.1	123.7	−11.6
	214.8	*400.4*	*−185.6*
Suspense accounts		0.1	−0.1
Capital assets	(1)	(1)	
Inactive loans and investments	94.8	94.8	
Total recorded assets	11,644.8	11,400.0	244.8
Less reserve for losses on realization of assets	−546.4	−546.4	
Net recorded assets	11,098.4	10,853.6	244.8
Net debt, represented by excess of liabilities over net recorded assets	15,549.5	15,070.1	(2)479.4

(1) Shown at nominal value of $1.

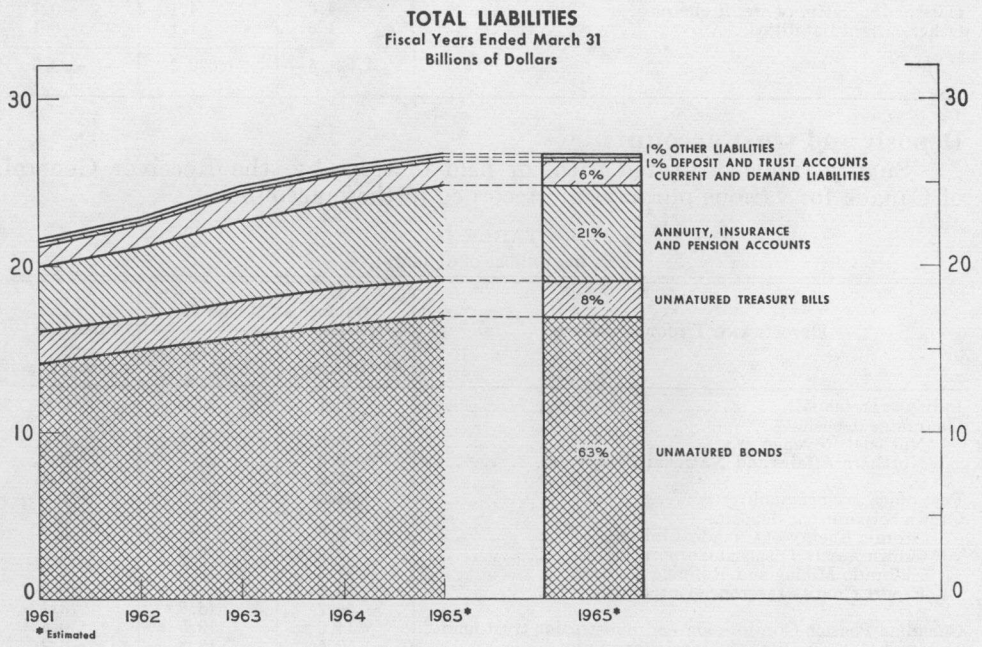
(2) Reflecting the budgetary deficit of $83 million plus an adjustment of $396.4 million in respect of prior years' transactions.

SUMMARY

The gross liabilities of the government are estimated at $26,648 million as at March 31, 1965 compared with $25,924 million at March 31, 1964. The main items effecting the increase of $724 million are increases of $553 million in annuity, insurance and pension accounts, $243 million in unmatured debt and a decrease of $99 million in current and demand liabilities.

Net recorded assets are estimated at $11,099 million as at March 31, 1965, an increase of $245 million over the total at March 31, 1964. The main changes are increases of $423 million in loans to, and investments in, Crown corporations and a decrease of $186 million in deferred charges.

The net debt of Canada, or the excess of liabilities over net recorded assets, in the amount of $15,549 million is $479 million higher than the total of $15,070 million at March 31, 1964. The increase reflects the budgetary deficit of $83 million plus a charge to net debt of $277 million in respect of the unamortized portion of the actuarial deficiency in the public service superannuation account and $119 million in respect of an actuarial evaluation of that account as at December 31, 1962 as calculated by the Department of Insurance.



LIABILITY ACCOUNTS

Current and demand liabilities

These consist of obligations of the government payable currently or on demand.

During 1964–65 a net decrease of $99 million in these obligations brought the total at March 31, 1965 to $1,522 million.

The main changes during 1964–65 are a decrease of $219 million in non-interest-bearing notes payable on demand and increases of $20 million in outstanding treasury cheques and $73 million in accounts payable.

Non-interest-bearing notes are those portions of Canada's equities in the capital of certain international agencies which are not covered by cash or gold. Notes in respect of the international monetary fund in the amount of $345 million are $221 million less than at March 31, 1964 and notes in respect of the international development association in the amount of $23 million are $2 million more.

TABLE 44
(in millions of dollars)

Current and Demand Liabilities	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Outstanding treasury cheques	340.1	319.9	20.2
Accounts payable	415.2	342.7	72.5
Non-interest-bearing notes payable to—			
The international development association	22.9	21.0	1.9
The international monetary fund	345 0	566.0	−221.0
	367.9	*587.0*	*−219.1*
Matured debt outstanding	21.3	26.8	−5.5
Interest due and outstanding	104.0	91.9	12.1
Interest accrued	235.0	216.0	19.0
Post office—outstanding money orders	33.0	30.5	2.5
Outstanding letter of credit cheques	4.0	4.1	−0.1
Other current liabilities	1.0	1.1	−0.1
	1,521.5	1,620.0	−98.5

Deposit and trust accounts

Sundry funds deposited with, or held in trust by, the Receiver General of Canada for various purposes are recorded in these accounts.

TABLE 45
(in millions of dollars)

Deposit and Trust Accounts	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Indian trust funds	30.1	29.2	0.9
Guarantee deposits—			
National Revenue	5.0	4.9	0.1
Northern Affairs and National Resources	20.0	22.4	−2.4
	25.0	*27.3*	*−2.3*
Post office savings bank	23.0	24.6	−1.6
Crown corporations deposits—			
Atomic Energy of Canada Limited	5.0		5.0
Crown Assets Disposal Corporation	0.5	0.4	0.1
Eldorado Mining and Refining Limited	11.2	13.2	−2.0
Export Credits Insurance Corporation	10.0		10.0
	26.7	*13.6*	*13.1*
Canadian Pension Commission—administration trust fund	14.0	13.5	0.5
National Harbours Board—special accounts	12.4	13.3	−0.9
Instalment purchase of bonds, public service	11.0	12.5	−1.5
Contractors holdbacks	7.0	8.6	−1.6
Contractors securities—sundry departments—			
Bonds	4.0	6.0	−2.0
Cash	1.0	1.4	−0.4
Certified cheques		0.6	−0.6
	5.0	*8.0*	*−3.0*
Army benevolent fund	6.0	5.8	0.2
Canadian Arsenals Limited pension fund	1.0	1.4	−0.4
Central Mortgage and Housing Corporation		1.0	−1.0
Common school funds—Ontario and Quebec	3.0	2.7	0.3
Emergency gold mining assistance—holdbacks	2.3	2.2	0.1
Immigration guarantee fund	1.4	1.1	0.3
National Research Council—special fund	2.3	2.3	
Northwest Territories revenue account	2.4	2.4	
Permanent services deferred pay	4.0	3.7	0.3
Provincial tax collection agreements account[1]	42.0		42.0
Royal Canadian Mint—prepayments	1.0	2.5	−1.5
Veterans land act trust account—general	5.0	4.3	0.7
United States of America	1.6	5.1	−3.5
Veterans care trust fund	3.0	2.7	0.3
Other	8.0	8.7	−0.7
	237.2	196.5	40.7

[1] Included in the asset category "other loans and investments" at March 31, 1964.

There was a net increase of $41 million during 1964–65 bringing the total to $237 million at March 31, 1965.

The main changes are a credit balance of $42 million in the provincial tax collection agreements account (at March 31, 1964 this account reflected a debit balance of $10 million which was included in the asset category "other loans and investments") and an increase of $13 million in Crown corporations deposits, partly offset by a decrease of $4 million in the United States of America account and $3 million in contractors securities.

Annuity, insurance and pension accounts

Recorded herein are moneys held in the consolidated revenue fund to the credit of various annuity, insurance and pension accounts.

During 1964–65 an increase of $553 million brought the total balance to $5,684 million at March 31, 1965. The main changes are increases of $304 million in the public service superannuation account and $218 million in the Canadian forces superannuation account.

TABLE 46
(in millions of dollars)

Annuity, Insurance and Pension Accounts	Balance at March 31		Increase or decrease(−)
	1965 (estimated)	1964	
Unemployment insurance fund	56.3	16.8	39.5
Less investment in bonds and accrued interest	−43.0		−43.0
Uninvested funds on deposit with the government	13.3	16.8	−3.5
Public service superannuation account	2,160.7	1,856.4	304.3
Canadian forces superannuation account	2,039.5	1,821.5	218.0
Government annuities	1,302.2	1,284.2	18.0
Royal Canadian Mounted Police superannuation account	55.8	46.0	9.8
Other	112.5	106.1	6.4
	5,684.0	5,131.0	553.0

Unemployment insurance fund

The balance in the fund at March 31, 1965 was $56 million (of which $17 million represents a liability for unredeemed warrants and deposits from employers) and consists of $43 million invested in special government bonds (plus accrued interest) and $13 million on deposit with the Receiver General. The balance in this fund at March 31, 1964 was $17 million consisting of cash deposits with the government. However, there was a liability of $16 million for unredeemed warrants and deposits from employers.

Receipts of $373 million during the fiscal year include employee and employer contributions of $309 million, the government's contribution of $62 million and $2 million in interest from investments. As benefit payments totalled $334 million, receipts exceeded payments from the fund by $39 million during 1964–65. Receipts during 1963–64 totalled $357 million and included employee and employer contributions of $297 million, the government's contribution of $59 million and $1 million in income from investments. Benefit payments during 1963–64 totalled $366 million resulting in a deficit for the year of $9 million.

TABLE 47
(in millions of dollars)

Unemployment Insurance Fund	Fiscal year ended March 31				
	1961	1962	1963	1964	1965 (estimated)
Revenue—					
Contributions—					
Employee and employer[1]	275.2	277.8	286.4	296.6	308.7
Government[2]	55.1	55.5	57.3	59.3	61.6
Net income from investments	2.7	6.2	2.5	1.1	2.5
Other income	0.1	0.1	0.1	0.1	0.1
	333.1	339.6	346.3	357.1	372.9
Expenditure—					
Benefit payments	−513.9	−454.7	−403.2	−365.7	−333.8
Interest on loans	−0.4	−3.0		−0.2	−0.2
Excess of revenue over expenditure or expenditure over revenue (−)	−181.2	−118.1	−56.9	−8.8	38.9
Balance at credit of fund at fiscal year-end	184.7	66.6	9.7	0.9	39.8
Government loans	67.0				
Unredeemed benefit warrants and deposits from employers	12.9	11.6	16.7	15.9	16.5
	264.6	78.2	26.4	16.8	56.3
Investment in bonds and accrued interest	−247.0	−63.6	−11.8		−43.0
Balance on deposit with the government	17.6	14.6	14.6	16.8	13.3

[1] Contributions by employees and employers are on an equal basis.

[2] Government contribution is equal to 20 per cent of the combined employee-employer contributions.

Government annuities account

There was an increase of $18 million in this account during the year bringing the balance to $1,302 million at March 31, 1965. Receipts of $78 million include $27 million from premiums and $51 million in interest from the government. Disbursements of $60 million consist mainly of vested annuity and commuted value payments and refunds of premiums. In 1963–64 receipts amounted to $78 million and disbursements were $58 million.

Public service superannuation account

The balance of $2,161 million in this account at March 31, 1965 is $304 million higher than the balance at the previous fiscal year-end.

Receipts of $367 million consist of a credit of $119 million to this account in 1964–65 to bring the balance in the account into line with an actuarial evaluation as at December 31, 1962 as calculated by the Department of Insurance, a credit of $50 million in respect of salary revisions made in 1963–64 and 1964–65, contributions of $61 million by individuals, $56 million by the government, $3 million by certain Crown corporations and interest of $78 million credited to the account by the government. Contributions by the government and Crown corporations are equal to the estimated current and prior service payments of individuals in 1963–64. Interest at 4 per cent per annum is credited to the account quarterly and is computed quarterly on the outstanding balance at the end of the previous quarter.

The credit of $50 million to the fund to provide for additional liabilities due to an actuarial evaluation arising out of pay increases was charged to "deferred charges—unamortized portions of actuarial deficiencies". Actuarial

deficiencies arising out of pay increases authorized in 1963–64 are to be amortized over a five year period commencing in 1964–65 and those arising out of pay increases authorized in 1964–65 and subsequent years are to be amortized over a five year period commencing in the year in which the increase is authorized.

Disbursements totalled $62 million and included $51 million in annuities and $11 million in withdrawals of contributions.

In 1963–64 receipts totalled $189 million and disbursements totalled $57 million.

Canadian forces superannuation account

The balance of $2,040 million at March 31, 1965 reflects an increase of $218 million during the fiscal year.

Receipts of $247 million include $39 million in contributions by personnel, $59 million in regular contributions by the government, $74 million in interest credited by the government and a credit of $75 million in respect of additional liabilities due to an actuarial evaluation resulting from increased rates of pay. Regular government contributions are made at the rate of one and two-thirds times the current and prior service contributions by personnel. Interest at 4 per cent per annum is credited to the account quarterly and is computed quarterly on the outstanding balance at the end of the previous quarter.

The credit of $75 million to the fund to provide for additional liabilities arising out of pay increases was charged to "deferred charges—unamortized portions of actuarial deficiencies". Actuarial deficiencies arising out of pay increases authorized in 1964–65 and subsequent years are to be amortized over a five year period commencing in the year in which the increase is authorized.

Disbursements of $29 million include $18 million in pensions and retiring allowances and $11 million in cash termination allowances and return of contributions.

In 1963–64 receipts were $239 million and disbursements were $23 million.

Royal Canadian Mounted Police superannuation account

The balance of $56 million in this account at March 31, 1965 is $10 million over the total of $46 million at the end of the previous fiscal year.

Receipts of $11 million consist of $2 million in contributions by personnel, $3 million in contributions by the government, $2 million in interest credited to the account by the government and a credit of $3½ million in respect of additional liabilities resulting from increased rates of pay.

The credit of $3½ million to the fund to provide for additional liabilities due to an actuarial evaluation arising out of pay increases was charged to "deferred charges—unamortized portions of actuarial deficiencies". Actuarial deficiencies arising out of pay increases authorized in 1964–65 and subsequent years are to be amortized over a five year period commencing in the year in which the increase is authorized.

Disbursements are due mainly to annuities and allowances of $400 thousand and cash termination allowances and return of contributions of $200 thousand.

In 1963–64 receipts were $9 million and disbursements were $600 thousand.

Old age security fund

Under the Old Age Security Act, as amended, pensions of $75 per month are paid, without a means test, from the old age security fund to all eligible persons seventy years of age or over.

During 1964–65 receipts of $953 million exceeded pension payments of $889 million by $64 million. Receipts consist of $432 million from the 4 per cent tax on personal income (maximum $120), $378 million from the 3 per cent sales tax and $143 million from the 3 per cent tax on corporation profits.

During the year temporary loans from the Minister of Finance were reduced by $64 million to $36 million at March 31, 1965.

In 1963–64 pension payments of $808 million exceeded receipts of $750 million requiring temporary loans of $58 million from the Minister of Finance. Loans to the fund at March 31, 1964 totalled $100 million.

TABLE 48
(in millions of dollars)

Old Age Security Fund	Fiscal year ended March 31				
	1961	1962	1963	1964	1965 (estimated)
Tax receipts—					
Sales tax	270.2	284.9	302.2	331.8	378.0
Personal income tax	229.4	259.0	273.7	302.6	432.0
Corporation income tax	103.5	100.1	115.2	115.7	143.0
Total tax receipts	603.1	644.0	691.1	750.1	953.0
Pension payments	−592.4	−625.1	−734.4	−808.4	−889.0
Excess of receipts over payments	10.7	18.9	−43.3	−58.3	64.0
Temporary loans brought forward	−28.0	−17.3		−41.7	−100.0
Balance in fund brought forward			1.6		
Temporary loans from the Minister of Finance to cover deficit in fund	17.3		41.7	100.0	36.0
Balance in fund		1.6			

A distribution by provinces of pension payments from the old age security fund for the last two years is shown in the following table:

TABLE 49
(in millions of dollars)

Old Age Security Payments	Fiscal year ended March 31		Increase
	1965 (estimated)	1964	
Newfoundland	16.8	15.4	1.4
Nova Scotia	40.4	37.1	3.3
Prince Edward Island	7.1	6.5	0.6
New Brunswick	29.7	27.2	2.5
Quebec	190.9	172.0	18.9
Ontario	323.5	292.5	31.0
Manitoba	53.4	48.9	4.5
Saskatchewan	55.1	50.8	4.3
Alberta	60.1	54.8	5.3
British Columbia	111.4	102.6	8.8
Northwest and Yukon Territories	0.6	0.6	
	889.0	808.4	80.6

Undisbursed balances of appropriations to special accounts

These special accounts record the undisbursed balances of appropriations for which moneys have been appropriated by Parliament and from which disbursements may be made for authorized purposes in periods subsequent to that in which the appropriation was made. A net decrease of $6 million in these accounts during the fiscal year brought the balance at March 31, 1965 to $106 million.

During the fiscal year a grant of $49 million was credited to the Colombo plan fund and charged to budgetary expenditure. Disbursements of $44 million result in a balance of $89 million in the fund at March 31, 1965. In 1963–64 there was a grant of $42 million and disbursements were $43 million.

TABLE 50
(in millions of dollars)

Undisbursed Balances of Appropriations to Special Accounts	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Colombo plan fund	89.0	84.5	4.5
Railway grade crossing fund	9.6	17.6	−8.0
National capital fund	(1)	6.4	−6.4
Centennial of confederation fund	7.0	3.0	4.0
Other	0.1	0.1	
	105.7	111.6	−5.9

(1) Less than $50,000.

The balance of $10 million in the railway grade crossing fund at March 31, 1965 is $8 million less than at the previous fiscal year-end. The decrease is the result of disbursements of $13 million exceeding the amount of $5 million credited to the fund and charged to budgetary expenditure.

The balance in the national capital fund is less than $50 thousand compared with $6 million at the previous fiscal year-end. Disbursements of $11 million from the fund exceed credits of $5 million by the government.

The balance in the centennial of confederation fund was $7 million at March 31, 1965, an increase of $4 million over the balance at the previous fiscal year-end. During 1964-65 an amount of $4 million was credited to the fund and charged to budgetary expenditure. No disbursements were made from the fund during 1964-65.

Deferred credits

Recorded in these accounts are amounts due the government in respect of which payment is deferred. These are contra accounts to corresponding items under the asset categories: "loans to, and investments in, Crown corporations", "loans to national governments", and "other loans and investments". A net decrease of $9 million in these accounts during the fiscal year brought the balance at March 31, 1965 to $111 million.

Deferred interest in respect of The St. Lawrence Seaway Authority, which is a contra account to a corresponding item in "loans to, and investments in, Crown corporations", decreased by $25 million during the year bringing the balance at March 31, 1965 to $39 million. See the asset account for explanation of decrease.

TABLE 51
(in millions of dollars)

Deferred Credits	Balance at March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Deferred interest—			
The St. Lawrence Seaway Authority	39.0	63.8	−24.8
United Kingdom Financial Agreement Act, 1946	63.8	44.2	19.6
Northern Canada Power Commission	2.0	1.6	0.4
	104.8	*109.6*	*−4.8*
Balances receivable under agreements of sale of Crown assets	3.0	4.7	−1.7
Crown Assets Disposal Corporation—government equity	3.0	5.1	−2.1
	110.8	119.4	−8.6

Deferred interest in respect of the loan under the United Kingdom Financial Agreement Act, 1946, which is a contra account to a corresponding item in "loans to national governments", increased by $20 million during the year bringing the balance at March 31, 1965 to $64 million. See the asset account for explanation of increase.

Balances receivable under agreements of sale of Crown assets are contra accounts to corresponding items under the asset category "other loans and investments". During the year payments of $2 million leave an outstanding balance of $3 million at March 31, 1965. There were no new agreements of sale during the year.

The government equity in the agency account of Crown assets disposal corporation is a contra account to a corresponding asset account under "other loans and investments". The balance in the account at March 31, 1965 was $3 million, a decrease of $2 million from the total at the previous fiscal year-end.

Suspense accounts

These consist of balances where some uncertainty as to disposition exists.

A net increase of $1 million during 1964–65 brought the outstanding balances to $6 million at March 31, 1965.

The replacement of materiel account, which was established by section 11 of the National Defence Act, is credited with amounts realized from the sale of materiel that has not been declared surplus to requirements but has been authorized by the Governor in Council to be sold to other countries. The account is debited with disbursements representing amounts paid for procurement of replacement materiel. During 1964–65 credits to and disbursements from the account were approximately $500 thousand each resulting in the balance of $1 million remaining approximately the same as at March 31, 1964.

TABLE 52
(in millions of dollars)

Suspense Accounts	Balance at March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Replacement of materiel, sec. 11, National Defence Act	1.0	1.0	
Unclaimed cheques	1.0	1.3	−0.3
Other	4.0	2.8	1.2
	6.0	5.1	0.9

Unmatured debt

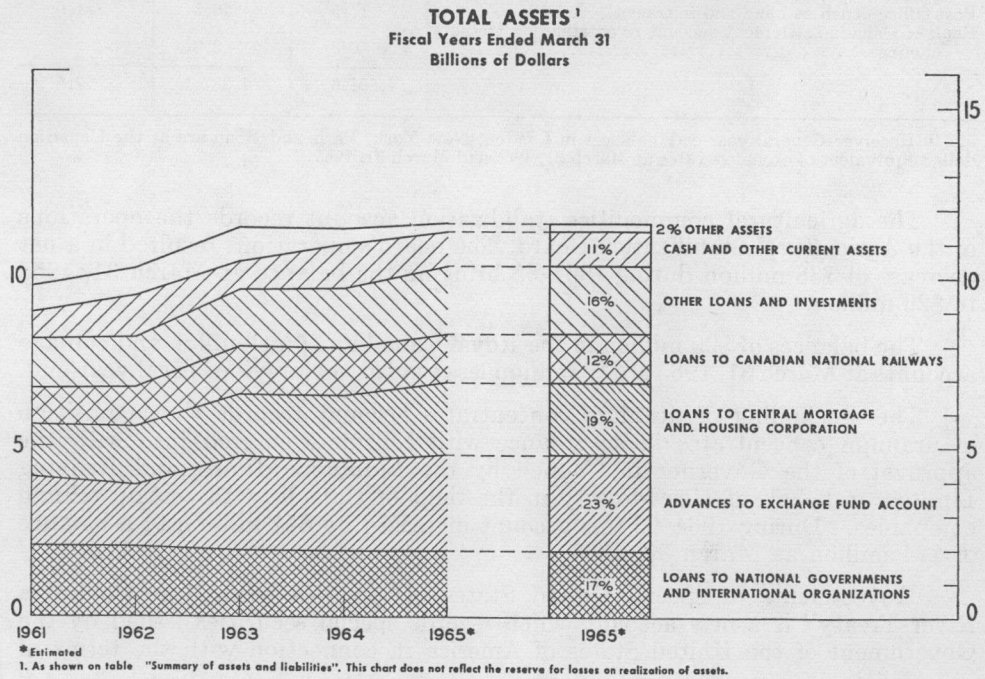
Unmatured debt at March 31, 1965 totalled $18,983 million, $243 million more than at the end of the previous fiscal year. Obligations payable in Canada were $18,607 million and those payable in New York were $376 million. At March 31, 1964 unmatured debt consisted of $18,364 million payable in Canada and $376 million payable in New York.

TABLE 53
(in millions of dollars)

Unmatured Debt	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Payable in Canada—			
Marketable bonds	10,866.3	11,041.4	−175.1
Non-marketable bonds—			
Canada savings bonds	5,557.0	5,092.3	464.7
Unemployment Insurance Commission	43.0		43.0
	16,466.3	*16,133.7*	*332.6*
Treasury bills	2,140.0	2,230.0	−90.0
	18,606.3	18,363.7	242.6
Payable in New York[1]	[2]376.4	[2]376.4	
	18,982.7	18,740.1	242.6

[1] Marketable bonds.
[2] Converted at the official parity rate of $1 U.S. = $1.08108 Canadian.

Details of the various loan issues, maturities, redemptions and cancellations resulting in the net increase are described more fully in the section "The Public Debt".



ASSET ACCOUNTS

Current assets

These accounts consist of working capital advances and revolving funds, the security investment account and various cash accounts.

Total current assets at $1,295 million reflect an increase of $8 million during 1964–65. The main changes are a new account of $219 million in investments in special United States of America securities—Columbia River Treaty and decreases of $151 million in cash in current and special deposits, $38 million in the agricultural commodities stabilization account and $40 million in the securities investment account.

TABLE 54
(in millions of dollars)

CURRENT ASSETS	Balance at March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Cash in current and special deposits[1]	678.0	829.0	—151.0
Cash in hands of collectors and in transit	169.0	155.6	13.4
Departmental working capital advances and revolving funds—			
Agricultural commodities stabilization account	26.0	64.0	—38.0
Defence production revolving fund	29.2	27.8	1.4
Royal Canadian Mint	20.0	29.4	—9.4
Miscellaneous departmental imprest and advance accounts	17.0	17.0	
Stockpiling of uranium concentrates	24.3	13.5	10.8
Other	17.0	17.1	—0.1
	133.5	*168.8*	*—35.3*
Securities investment account	59.9	99.9	—40.0
Investments in special United States of America securities—Columbia River Treaty	219.4		219.4
Moneys received after March 31 but applicable to the current year	17.0	17.0	
Post Office—cash on hand and in transit	17.5	16.5	1.0
Bank of Canada settlement account re outstanding treasury cheques	0.3	0.3	
	1,294.6	1,287.1	7.5

[1] Receiver General year-end balances in London, New York, Paris and Bonn are at the Canadian dollar equivalent of exchange rates at March 31, 1964 and March 31, 1965.

The agricultural commodities stabilization account records the operations of the Agricultural Stabilization Board. The board's operations resulted in a net decrease of $38 million during 1964–65 bringing the balance at March 31, 1965 to $26 million.

The balances of $20 million in the Royal Canadian Mint bullion and coinage accounts at March 31, 1965 are $9 million less than at the previous fiscal year-end.

The stockpiling of uranium concentrates account records the acquisition of uranium concentrates in accordance with contracts entered into with the approval of the Governor in Council by the Eldorado Mining and Refining Limited on behalf of Her Majesty in the right of Canada with certain mining companies. During 1964–65 this account increased by $11 million to a balance of $24 million at March 31, 1965.

"Investments in special United States of America securities—Columbia River Treaty" is a new account which records special securities issued by the Government of the United States of America in connection with the terms of

the Treaty between the Governments of the United States and Canada and the agreement between the Governments of Canada and the Province of British Columbia. The balance in the account at March 31, 1965 was $219 million.

The securities investment account decreased $40 million during 1964–65 to a balance of $60 million at March 31, 1965.

Advances to the exchange fund account

Advances during the year to the exchange fund account to finance the purchase of gold and foreign exchange amounted to $699 million and repayments to $679 million, an increase of $20 million resulting in a balance of $2,621 million at March 31, 1965.

During 1963–64 advances were $840 million, repayments were $975 million bringing outstanding advances at March 31, 1964 to $2,601 million.

Sinking fund and other investments held for retirement of unmatured debt

Holdings in this account totalled $6 million at March 31, 1965 compared with a nil balance at the end of the previous fiscal year. These consist of $4 million of the $2\frac{3}{4}$ per cent loan due September 1, 1974 and $2 million of the $2\frac{3}{4}$ per cent loan due September 15, 1975, both issued in New York.

Loans to, and investments in, Crown corporations

Loans and investments in this category amounted to $5,008 million, an increase of $423 million over the total at March 31, 1964.

TABLE 55
(in millions of dollars)

Loans to, and Investments in, Crown Corporations	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Atomic Energy of Canada Limited	66.6	53.6	13.0
Bank of Canada	5.9	5.9	
Canadian Arsenals Limited	7.5	7.5	
Canadian Broadcasting Corporation	3.0	3.0	
Canadian Commercial Corporation	5.5	5.5	
Canadian National Railways	1,430.6	1,405.9	24.7
Air Canada	3.6	5.0	−1.4
	1,434.2	*1,410.9*	*23.3*
Canadian Overseas Telecommunication Corporation	56.3	55.5	0.8
Central Mortgage and Housing Corporation	2,137.1	1,916.1	221.0
Eldorado Mining and Refining Limited	8.2	8.2	
Export Credits Insurance Corporation	92.2	58.4	33.8
Farm Credit Corporation	441.3	338.9	102.4
National Capital Commission	30.1	21.9	8.2
National Harbours Board	200.7	198.1	2.6
Northern Canada Power Commission	28.8	22.4	6.4
Polymer Corporation Limited	30.0	30.0	
The St. Lawrence Seaway Authority—			
Loans	370.4	352.0	18.4
Deferred interest	39.0	63.8	−24.8
	409.4	*415.8*	*− 6.4*
Recovery likely to require parliamentary appropriations—			
Canadian Broadcasting Corporation	14.2		14.2
National Capital Commission—Greenbelt	34.5	31.1	3.4
	48.7	*31.1*	*17.6*
Other Crown Corporations	2.0	1.4	0.6
	5,007.5	4,584.2	423.3

Canadian National Railways (including Air Canada)

Outstanding advances to the Canadian National Railways at March 31, 1965 of $1,434 million were $23 million more than the total of $1,411 million at the previous fiscal year-end.

TABLE 56
(in millions of dollars)

Advances to the Canadian National Railways	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Capital Revision Act, 1952—			
Preferred stock	1,020.2	995.5	24.7
Twenty-year obligation	100.0	100.0	
Financing and Guarantee Act, 1960	27.0	27.0	
Financing and Guarantee Act, 1961	28.4	28.4	
Refunding Act, 1955	238.0	238.0	
Canadian Government Railways	17.0	17.0	
Air Canada	3.6	5.0	−1.4
	1,434.2	1,410.9	23.3

During the 1964–65 fiscal year the government made available to the company $68 million and received repayments of $45 million. In 1963–64 comparable amounts were $73 million and $101 million respectively.

TABLE 57
(in millions of dollars)

Advances to, and Repayments by, the Canadian National Railways	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Advances—			
For interim financing of income deficits—			
Canadian National Railways	38.7	43.0	−4.3
Air Canada	4.6	5.0	−0.4
Total advances	43.3	48.0	−4.7
Purchase of 4 per cent preferred stock (C.N.R. Capital Revision Act, 1952)	24.7	24.8	−0.1
	68.0	72.8	−4.8
Repayments—			
Advances for capital and refunding purposes		−53.7	53.7
Advances for interim financing of income deficits—			
Canadian National Railways	−38.7	−43.0	4.3
Air Canada	−6.0	−4.5	−1.5
	−44.7	*−101.2*	*56.5*
Net increase or decrease (−) during the fiscal year	23.3	−28.4	51.7

To assist the company to finance further capital expenditure during the year, the government purchased $25 million of the 4 per cent preferred stock of the company. This stock is issued under the authority of the Canadian National Railways Capital Revision Act, 1952, in an amount equal to 3 per cent of the gross revenue of the company.

The government also provided the company with temporary loans of $39 million in respect of its 1964 income deficit which were repaid when the company's income deficit was charged to 1964–65 budgetary expenditure.

At March 31, 1964 temporary loans of $5 million were outstanding to Air Canada in respect of its 1964 operations. An additional $1 million was advanced during the year for its 1964 operations. These have been repaid by the company during 1964–65. However, additional loans of $4 million have been made during 1964–65 in respect of the company's 1965 operations.

Central Mortgage and Housing Corporation

The balance of $2,137 million in this account at March 31, 1965 is $221 million higher than at March 31, 1964, and comprises the Crown's investment of $25 million in the capital of the corporation and $2,112 million in loans and advances.

Loans and advances to the corporation were $321 million in 1964–65 and repayments were $100 million. In 1963–64 advances were $199 million and repayments were $86 million.

Advances comprise $245 million for direct lending and limited dividend housing, $22 million for federal-provincial projects for housing, $32 million in respect of municipal sewage treatment and $22 million for university housing.

Repayments comprise $100 million of which $82 million was for direct lending and limited dividend housing, $14 million for housing and $4 million in respect of acquisition or construction of real estate.

TABLE 58

(in millions of dollars)

Advances to, and Repayments by, Central Mortgage and Housing Corporation	Fiscal year ended March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Advances—			
Direct lending and limited dividend housing	244.7	120.0	124.7
Federal-provincial projects—housing	21.7	9.4	12.3
Municipal sewage treatment	32.6	48.0	−15.4
University housing	22.0	22.0	
	321.0	199.4	121.6
Repayments—			
Direct lending and limited dividend housing	−82.0	−68.1	−13.9
Federal-provincial projects—housing	−13.8	−3.7	−10.1
Municipal sewage treatment	−0.3	−11.7	11.4
University housing	−0.2	−0.1	−0.1
Acquisition or construction of real estate	−3.7	−2.5	−1.2
	−100.0	−86.1	−13.9
Net increase during the fiscal year	221.0	113.3	107.7

Canadian Broadcasting Corporation

There was no change in the advance for working capital during 1964–65, the balance remaining at $3 million at March 31, 1965.

However, during the year advances to the corporation for the purpose of capital expenditures totalled $14 million. Recovery of these advances is likely to require parliamentary appropriations in subsequent fiscal years.

Export Credits Insurance Corporation

The balance of $92 million in this account at March 31, 1965, consisting of $5 million in capital stock, $5 million in working capital and $82 million in loans under section 21a of the Export Credits Insurance Act, reflects an increase of $34 million over the previous fiscal year-end.

Farm Credit Corporation

The government provides loans to the corporation which makes loans on farm property. The balance of $441 million in the account at March 31, 1965 consists of the Crown's investment of $17 million in the capital of the corporation and $424 million in loans and advances. At March 31, 1964 the balance was $339 million consisting of capital investment of $13 million and loans and advances of $326 million.

The 1964–65 transactions in the account consisted of additional subscriptions by the government of $4 million to the capital of the corporation, loans and advances of $111 million and repayments by the corporation of $13 million.

The St. Lawrence Seaway Authority

Outstanding loans in this account amounted to $370 million at March 31, 1965, an increase of $18 million over the previous year-end balance of $352 million. No repayments were received in 1964–65.

Deferred interest decreased to $39 million at March 31, 1965 due to a payment of $43 million offset in part by a charge to the account of $18 million in respect of the deferment of interest due on December 31, 1964.

The large repayment of deferred interest was made possible by a payment of $27 million by the Minister of Finance to the authority in respect of the accumulated deficit of the Welland Canal for the calendar years 1959 to 1964 which was charged to Department of Transport expenditures in 1964-65 and a loan of $13 million, subject to such terms and conditions as the Governor in Council may approve.

National Capital Commission

Loans to acquire property in the "Greenbelt" area increased by $3 million during the year bringing the balance to $35 million at March 31, 1965. Recovery of these loans is likely to require parliamentary appropriations in subsequent fiscal years.

Loans to acquire property excluding the "Greenbelt" area increased by $8 million to $30 million at March 31, 1965.

Other Crown Corporations

Loans to Atomic Energy of Canada Limited increased by $13 million during 1964–65, loans to the Canadian Overseas Telecommunication Corporation by $1 million, loans to the National Harbours Board by $3 million and loans to the Northern Canada Power Commission by $6 million.

Loans to national governments

A net increase of $11 million in this category during 1964-65 brought total balances to $1,207 million at March 31, 1965 from $1,196 million at the previous fiscal year-end.

The Government of the United Kingdom deferred the payment of principal and interest due December 31, 1964 on the $1,185 million loan made under the $1,250 million credit authorized by the United Kingdom Financial Agreement Act, 1946, the principal outstanding at the close of the year remaining at $995 million and deferred interest increasing by $20 million to $64 million. The

deferment of principal and interest was by an agreement between the Government of Canada and the Government of the United Kingdom that was approved by a 1957 Act to amend the United Kingdom Financial Agreement Act, 1946. The agreement which became effective April 29, 1957, permits the United Kingdom in lieu of any right of waiver hitherto existing to defer after December 31, 1956, seven instalments of principal and interest under certain conditions. Interest at 2 per cent is payable on deferred instalments of both principal and interest.

Advances under Part II of the Export Credits Insurance Act to Belgium, France and The Netherlands to assist them in the purchasing of goods in Canada were reduced by a repayment of $2 million during the fiscal year, bringing the balance at March 31, 1965 to $127 million. The decrease of $2 million was the regular annual repayment by the Government of Belgium. There were no repayments by the Governments of France and The Netherlands as each of these countries had made advance payments in 1962–63 covering instalments up to and including the 1969 instalment.

Special loans from Canada to Colombo plan countries to finance the purchase of wheat and flour amounted to $12 million at March 31, 1965, a reduction of $5 million from the previous fiscal year.

Loans to India for the purchase in Canada of aircraft and associated spare parts, amounting to $9 million at March 31, 1965, were reduced by a payment of $1 million during the fiscal year.

TABLE 59
(in millions of dollars)

Loans to National Governments	Balance at March 31		Increase or decrease (—)
	1965 (estimated)	1964	
Loans to United Kingdom—			
The United Kingdom Financial Agreement Act, 1946...	995.1	995.1	
Deferred interest	63.8	44.2	19.6
	1,058.9	*1,039.3*	*19.6*
Loans under the Export Credits Insurance Act, Part II—			
Belgium	27.7	30.0	−2.3
France	67.0	67.0	
The Netherlands	32.1	32.1	
	126.8	*129.1*	*−2.3*
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada—			
Ceylon	0.8	1.1	−0.3
India	10.7	15.4	−4.7
	11.5	*16.5*	*−5.0*
Miscellaneous loans and advances—			
India—loan for purchase in Canada of aircraft and associated spare parts	9.0	10.0	−1.0
France—interim credit—consolidated interest	0.7	0.7	
Other	0.1	0.1	
	9.8	*10.8*	*−1.0*
	1,207.0	1,195.7	11.3

Other loans and investments

Balances in these accounts totalled $1,160 million at March 31, 1965, a decrease of $38 million from the previous fiscal year.

Canada's subscriptions to the capital of international organizations are $8 million higher due to additional subscriptions of $8 million to the international development association. Working capital advances and loans to international organizations are approximately the same as at the previous fiscal year-end.

The Budget—Appendix

Loans to provincial governments were reduced by $5 million to $109 million at March 31, 1965. The main items making up the reduction are: a decrease of $10 million in the provincial tax collection agreements account (at March 31, 1965, this account reflects a credit balance of $42 million which is recorded in the liability category "deposit and trust accounts"); a decrease to $13 million in

TABLE 60
(in millions of dollars)

Other Loans and Investments	Balance at March 31		Increase or decrease (−)
	1965 (estimated)	1964	
Subscriptions to capital of, and working capital advances and loans to, international organizations—			
Canada's subscriptions to capital of—			
International bank for reconstruction and development	80.5	80.5	
International development association	40.7	32.8	7.9
International finance corporation	3.5	3.5	
International monetary fund	577.3	577.3	
Working capital advances and loans to international organizations	8.0	8.0	
	710.0	*702.1*	*7.9*
Loans to provincial governments—			
Alberta	6.3	6.8	−0.5
British Columbia	12.5	15.5	−3.0
Manitoba	11.0	11.6	−0.6
New Brunswick	39.2	34.4	4.8
Newfoundland	0.5	0.5	
Nova Scotia	11.4	7.2	4.2
Saskatchewan	28.1	27.2	0.9
Provincial tax collection agreements account		10.4	−10.4
	109.0	*113.6*	*−4.6*
Veterans land act advances	255.5	243.3	12.2
Less reserve for conditional benefits—Veterans Land Act, 1942	−24.3	−26.3	2.0
	231.2	*217.0*	*14.2*
Municipal development and loan board advances	9.3		9.3
Less reserve for forgiveness of indebtedness	−1.8		−1.8
	7.5		*7.5*
Miscellaneous—			
Assisted passage scheme (section 69, Immigration Act, R.S. 1952)	4.0	2.7	1.3
Balances receivable under agreements of sale of Crown assets	4.0	6.0	−2.0
City of Montreal—			
Atwater tunnel	2.0	1.9	0.1
St. Remi tunnel	1.0	1.1	−0.1
City of Whitehorse	2.0	2.0	
Construction of dock and rail facilities for Steep Rock Iron Mines Limited	1.0	1.3	−0.3
Crown Assets Disposal Corporation—			
Government equity in agency account	3.0	5.2	−2.2
Dominion Coal Company Limited	4.5	5.0	−0.5
Hamilton Harbour Commissioners	2.0	1.5	0.5
Housing projects for Canadian forces	19.5	17.9	1.6
Municipal Improvements Assistance Act, 1938	1.0	1.1	−0.1
New Westminster Harbour Commission	1.0	1.5	−0.5
Northwest Territories	4.0	3.2	0.8
Old age security fund—temporary loans	36.0	100.0	−64.0
Town of Oromocto Development Corporation	1.0	1.2	−0.2
Yukon Territory	4.9	4.2	0.7
Recovery likely to require parliamentary appropriations—Town of Oromocto, New Brunswick	4.0	3.7	0.3
Other	7.5	5.6	1.9
	102.4	*165.1*	*−62.7*
	1,160.1	1,197.8	−37.7

loans to British Columbia due to a repayment of $3 million by the province; an increase to $39 million in loans to New Brunswick due to new loans during the year of $9 million partly offset by repayments by the province amounting to $4 million; and an increase in loans to Nova Scotia to $11 million due to new loans during the year of $4 million.

Advances are made by the government under the Veterans Land Act for the acquisition, by the Director, of properties, buildings, materials, live stock, farm equipment and commercial fishing equipment for purposes of the act, for sale to qualified veterans of world war 2 and Korea under sales agreements which carry specified conditional benefits if the terms of such agreements are adhered to by the veteran. Advances during 1964–65 of $38 million and repayments of $26 million brought outstanding advances at March 31, 1965 to $255 million. This is partially offset by a reserve for conditional benefits amounting to $24 million, resulting in a balance in this account of $231 million at the year-end.

Under the Municipal Development and Loan Act, assented to on August 2, 1963, advances are made to the Municipal Development and Loan Board to provide financial assistance by way of loans to municipalities to augment or accelerate municipal capital works programs. Where the municipal project in respect of which a loan is made is completed on or before March 31, 1966, the board shall forgive payment by the municipality of 25 per cent of the principal amount of the loan. If a project is not completed as at March 31, 1966, the board shall forgive 25 per cent of that portion of the loan that has been advanced to the municipality as of March 31, 1966. At March 31, 1965 advances totalled $9 million. These loans are partly offset by a reserve of $2 million for forgiveness of indebtedness.

Miscellaneous loans and investments in the amount of $102 million reflect a net decrease of $63 million from the March 31, 1964 total. The decrease is due mainly to a reduction of $64 million in temporary loans by the Minister of Finance to cover the deficit in the old age security fund. A payment of $500 thousand due by the Dominion Coal Company Limited on December 31, 1964 has not been paid and discussions concerning it are proceeding with the company.

Securities held in trust

Recorded herein are the security holdings of various deposit and trust accounts and annuity, insurance and pension accounts. Bonds and certified cheques held in connection with contractors' securities included in the deposit and trust category are also recorded under this heading. The balance at March 31, 1965 was $39 million, approximately the same as at the previous fiscal year-end.

Deferred charges

The balance of $215 million in this category at March 31, 1965 was $186 million less than at March 31, 1964, reflecting a net decrease of $174 million in the unamortized portions of actuarial deficiencies in the superannuation accounts and a decrease of $12 million in unamortized loan flotation costs.

Unamortized portions of actuarial deficiencies

These accounts record the unamortized portions of the actuarial deficiencies in the public service, the Canadian forces and the Royal Canadian Mounted Police superannuation accounts which are set up as deferred charges.

During 1964–65 the unamortized portion of the actuarial deficiency in the public service superannuation account was increased by $119 million as a result of an actuarial evaluation as at December 31, 1962 as calculated by the Department of Insurance and $50 million as a result of salary revisions made in 1963–64 and 1964–65. However, upon parliamentary approval the unamortized portion

at March 31, 1964 of $277 million plus the actuarial evaluation of $119 million will be charged to net debt and $10 million, representing one fifth of the $50 million in respect of salary increases, will be charged to budgetary expenditure. These transactions resulted in a net decrease of $237 million bringing the balance to $40 million at March 31, 1965.

During 1964–65 the unamortized portion of the actuarial deficiency in the Canadian forces superannuation account was increased by $75 million as a result of salary revisions, of which one fifth or $15 million will be charged to budgetary expenditure upon parliamentary approval, leaving a balance of $60 million in the account at March 31, 1965.

During 1964–65 the unamortized portion of the actuarial deficiency in the Royal Canadian Mounted Police superannuation account was increased by $3½ million as a result of salary revisions, of which one fifth or $700 thousand will be charged to budgetary expenditure upon parliamentary approval, leaving a balance of $3 million at March 31, 1965.

Unamortized loan flotation costs

This account records the residual balances of discounts, commissions, redemption bonuses and conversion premiums on loan flotations that have not been charged to budgetary expenditure. The balance at March 31, 1965 of $112 million is $12 million less than the previous year-end balance.

TABLE 61
(in millions of dollars)

Unamortized Loan Flotation Costs	Fiscal year ended March 31	
	1965 (estimated)	1964
Balance of account at beginning of fiscal year	123.7	131.6
New flotation costs to be amortized—		
3¼% loan May 1, 1964—July 1, 1965	3.9	
5% loan May 1, 1964—July 1, 1969	0.3	
5¼% loan May 1, 1964—May 1, 1990	2.3	
3¾% loan Oct. 1, 1964—Dec. 1, 1965	3.6	
3¾% loan Oct. 1, 1964—Oct. 1, 1967	2.1	
5% loan Dec. 1, 1964—June 1, 1971	0.6	
3¼% loan Feb. 1, 1965—May 1, 1966	1.6	
5% loan Feb. 1, 1965—Oct. 1, 1973	0.5	
Adjustments[1]	− 0.3	3.2
Treasury bills discount	13.2	13.8
Canada savings bonds—adjustment of previous issues	1.4	1.0
Canada savings bonds—new issue	10.0	9.6
3¼% loan June 1, 1963—July 1, 1964		1.2
5% loan June 1, 1963—June 1, 1988		1.8
3¼% loan Oct. 1, 1963—Oct. 1, 1964		2.0
4¼% loan Oct. 1, 1963—Apr. 1, 1965		0.7
5% loan Oct. 1, 1963—Oct. 1, 1968		0.1
3¼% loan Dec. 15, 1963—Dec. 15, 1964		2.1
4½% loan Dec. 15, 1963—Dec. 15, 1966		0.3
3½% loan Feb. 1, 1964—Feb. 1, 1965		0.6
3¾% loan Feb. 1, 1964—Feb. 1, 1966		2.2
4¼% loan Feb. 1, 1964—Jan. 15, 1968		2.4
5% loan Feb. 1, 1964—June 1, 1988		2.3
	39.2	*43.3*
Less—		
Amortization applicable to fiscal year—		
Canada savings bonds and general loans	−37.0	−36.3
Discount on treasury bills charged to interest on public debt	−13.8	−14.9
	−50.8	*−51.2*
Increase or decrease (−) during the year	−11.6	−7.9
Balance of account at end of fiscal year	112.1	123.7

[1] Adjustments due to cancellations, exchanges, conversions and additional issues of existing loans.

Cost of new loans issued during 1964–65 and charged to the account amounted to $39 million, of which $13 million is in respect of treasury bills discounts which will be charged to interest on public debt in 1965–66. Credits to the account were $51 million of which $37 million was a charge to the budgetary item "annual amortization costs" and $14 million (representing discount applicable to 1964–65 on treasury bills sold in 1963–64) was a charge to the budgetary item "interest on public debt".

Suspense accounts

The only item in this category was the cheque adjustment suspense account which reflected unadjusted balances resulting from the reconciliation of payments for redemption of paid cheques with the amount of those cheques as subsequently determined in adjustment of the outstanding cheque account. The balance of $200 thousand will be charged to net debt in 1964–65 upon parliamentary approval.

Capital assets

Assets of the government such as land, buildings, works and equipment, etc., that are charged to budgetary expenditure at the time of acquisition or construction, are included in this category and are shown on the statement of assets and liabilities at a nominal value of $1.

Inactive loans and investments

Loans and investments which are not currently revenue-producing or realizable are recorded herein. Included are the loan of $49 million to China under the Export Credits Insurance Act, loans of $24 million and $7 million made to Roumania and Greece in 1919–20 and 1920–21 respectively and advances of $15 million in respect of the implementation of guarantees (Ming Sung Industrial Company Limited).

Reserve for losses on realization of assets

There was no change in this reserve during the year, the balance at March 31, 1965 being $546 million, unchanged from the end of the previous fiscal year.

Net Debt

The net debt of Canada, or the excess of liabilities over net recorded assets, amounted to $15,549 million at March 31, 1965, $479 million higher than at March 31, 1964. The increase reflects the estimated 1964–65 budgetary deficit of $83 million plus a charge to net debt, upon parliamentary approval, of $277 million in respect of the unamortized portion of the actuarial deficiency in the public service superannuation account and $119 million resulting from an actuarial evaluation of the account as at December 31, 1962 as calculated by the Department of Insurance.

THE CASH POSITION

The government's cash account represents balances of current and special deposits to the credit of the Receiver General of Canada in the Bank of Canada, chartered banks in Canada and certain banks in London, Paris and Bonn. These balances totalled $678 million at March 31, 1965 compared with $829 million at March 31, 1964 a decrease of $151 million.

The cash position of the government is affected not only by budgetary transactions but also by changes in the government's unmatured debt and other non-budgetary transactions. Non-budgetary transactions are those which affect the government's asset and liability accounts and must be taken into account when considering the full scope of the government's financial operations and their effect on the economy of the country.

On the assets side, the non-budgetary transactions consist, for the most part, of loans and advances to, and repayments by, Crown corporations and other government agencies and funds (including the old age security fund), national, provincial and municipal governments, international organizations, veterans and other borrowers. On the liability side they relate mainly to receipts and payments in connection with the many deposit and trust accounts, and annuity, insurance and pension accounts held or administered by the government.

The following statement summarizes both the budgetary and non-budgetary transactions for 1964–65 and indicates their effect on the government's cash position. For purposes of comparison the corresponding figures for 1963–64 are also shown.

TABLE 62
(in millions of dollars)

Changes in Cash Position	Fiscal year ended March 31	
	1965 (estimated)	1964
Budgetary transactions—		
Revenue	7,136.0	6,253.2
Expenditure	−7,219.0	−6,872.4
Deficit	**−83.0**	**−619.2**
Non-budgetary transactions (excluding unmatured debt transactions)—		
Receipts and credits (net)—		
Repayments of loans, investments and advances	114.6	112.5
Annuity, insurance and pension accounts	553.0	384.0
Other	187.8	165.2
	855.4	*661.7*
Disbursements and charges (net)—		
Loans, investments and advances	−726.0	−89.7
Other	−474.0	−235.3
	−1,200.0	*−325.0*
Net amount received from, or required for (−), non-budgetary transactions	**−344.6**	**336.7**
Overall cash requirement (−) to be financed by increase in unmatured debt or decrease in cash balances	**−427.6**	**−282.5**
Net increase in unmatured debt outstanding in hands of the public—		
Unmatured debt—		
Canada savings bonds	464.7	510.2
Market issues	−175.1	214.6
Treasury bills	−90.0	65.0
Special issues to the Unemployment Insurance Commission	43.0	−11.5
	242.6	*778.3*
Securities investment account	40.0	−66.4
Sinking fund and other investments	−6.0	22.3
	276.6	**734.2**
Net increase or decrease (−) in Receiver General bank balances	**−151.0**	**451.7**

In 1964–65 a deficit of $83 million and net requirements of $345 million for non-budgetary transactions (excluding unmatured debt transactions) resulted in an overall net requirement of $428 million. As outstanding unmatured debt increased by $277 million there was a reduction of $151 million in Receiver General bank balances. In 1963–64 a budgetary deficit of $619

million and non-budgetary net receipts of $337 million (excluding unmatured debt transactions) resulted in a net cash requirement of $282 million and as outstanding unmatured debt increased by $734 million, Receiver General bank balances increased by $452 million.

Non-budgetary receipts and credits (excluding unmatured debt transactions)

As shown in the previous table, non-budgetary receipts and credits totalled $855 million in 1964-65. Further details are presented in the following table:

TABLE 63
(in millions of dollars)

Non-budgetary Receipts and Credits (Net)	Fiscal year ended March 31	
	1965 (estimated)	1964
Repayments of loans, investments and advances—		
Agricultural commodities stabilization account	38.0	75.0
Northern Ontario Pipe Line Crown Corporation		110.6
The St. Lawrence Seaway Authority	6.4	−24.9
Old age security fund	64.0	−58.3
Other	6.2	10.1
	114.6	*112.5*
Annuity, insurance and pension accounts—		
Public service superannuation account	304.3	132.3
Canadian forces superannuation account	218.0	215.7
Other	30.7	36.0
	553.0	*384.0*
Other receipts and credits—		
Outstanding treasury cheques	20.2	53.3
Accounts payable	72.5	75.3
Provincial tax collection agreements account	52.4	−2.7
Unamortized loan flotation costs	11.6	7.9
Interest due and outstanding	12.1	12.4
Interest accrued	19.0	19.0
	187.8	*165.2*
	855.4	661.7

Non-budgetary disbursements and charges (excluding unmatured debt transactions)

As already indicated, non-budgetary disbursements and charges were $1,200 million in 1964–65. Further details are presented in the following table:

TABLE 64

(in millions of dollars)

Non-Budgetary Disbursements and Charges (Net)	Fiscal year ended March 31	
	1965 (estimated)	1964
Loans, investments and advances—		
Atomic Energy of Canada Limited	13.0	0.4
Canadian Broadcasting Corporation	14.2	
Canadian National Railways (including Air Canada)	23.3	−28.4
Canadian Overseas Telecommunication Corporation	0.8	6.2
Central Mortgage and Housing Corporation	221.0	113.3
Export Credits Insurance Corporation	33.8	23.4
Farm Credit Corporation	102.4	69.9
National Capital Commission	11.6	12.1
National Harbours Board	2.6	5.5
Northern Canada Power Commission	6.4	3.4
Columbia River Development	219.4	
Exchange fund	20.0	−135.0
National governments	11.3	−15.1
Stockpiling of uranium concentrates	10 8	13.5
Subscription to international development association	7.9	
Loans to provinces	5.8	−0.5
Veterans land act advances	14.2	21.0
Municipal development and loan board	7.5	
	726 0	*89.7*
Other disbursements and charges—		
Non-interest-bearing notes payable on demand	219.1	170.3
Cash in hands of collectors and in transit	13.4	21.5
Unamortized portions of actuarial deficiencies—		
Public service superannuation account	159.3	
Canadian forces superannuation account	60.0	
Royal Canadian Mounted Police superannuation account	2.9	
Other	19.3	43.5
	474.0	*235.3*
	1,200.0	325.0

THE PUBLIC DEBT

Gross and net debt

The gross debt of Canada was $26,648 million at March 31, 1965. Unmatured debt, including treasury bills, in the amount of $18,983 million accounts for approximately 71 per cent of the total. The remaining liabilities, consisting of current and demand liabilities, deposit and trust accounts, annuity, insurance and pension accounts, undisbursed balances of appropriations to special accounts, deferred credits and sundry suspense accounts, amount to $7,665 million or approximately 29 per cent of the total debt.

The net debt of Canada in the amount of $15,549 million at March 31, 1965 was $479 million more than the net debt at March 31, 1964. Total liabilities of $26,648 million are $724 million higher and net recorded assets of $11,099 million are $245 million higher than the March 31, 1964 totals.

TABLE 65

STATEMENT OF PUBLIC DEBT, UNMATURED DEBT, NET RECORDED ASSETS AND NET DEBT OF CANADA

(in millions of dollars)

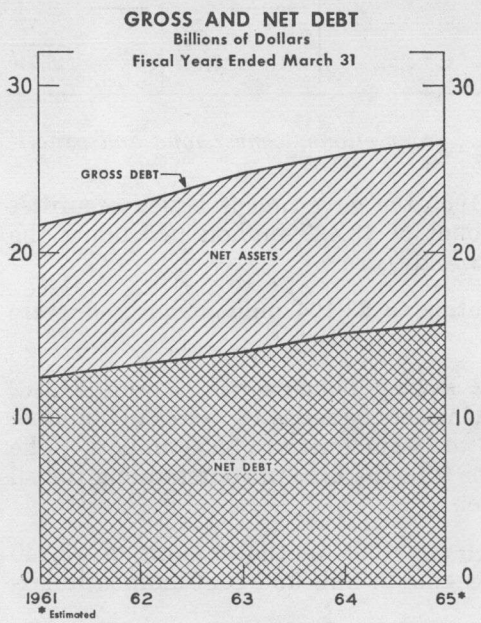
As at March 31	Gross Public Debt			Less net recorded assets	Net debt	Increase in net debt during fiscal year
	Unmatured debt	Other liabilities	Total			
1961	16,067.9	5,534.9	21,602.8	9,165.7	12,437.1	347.9
1962	16,945.7	5,962.1	22,907.8	9,679.7	13,228.1	791.0
1963	17,961.8	6,837.4	24,799.2	10,879.5	13,919.7	691.6
1964	18,740.1	7,183.6	25,923.7	10,853.6	15,070.1	1,150.4
1965 (estimated)	18,982.7	7,665.2	26,647.9	11,098.4	15,549.5	479.4

Unmatured debt

The total unmatured debt of Canada at March 31, 1965 was $18,983 million, reflecting an increase of $243 million over the previous fiscal year-end balance of $18,740 million.

The government's holdings of its own securities totalled $65 million at March 31, 1965, comprising $59 million in the securities investment account (of which $31 million is in respect of the employees instalment purchase plan) and $6 million in the sinking fund and other investments account. This is a decrease of $14 million from the previous year-end figure when holdings were $99 million in the securities investment account (of which $31 million was in respect of the employees instalment purchase plan).

Of the total unmatured debt, $18,607 million or approximately 98 per cent is payable in Canada and $376 million in New York. Securities payable in New York have been valued at the official parity rate of $1 U.S. = $1.08108 Canadian.



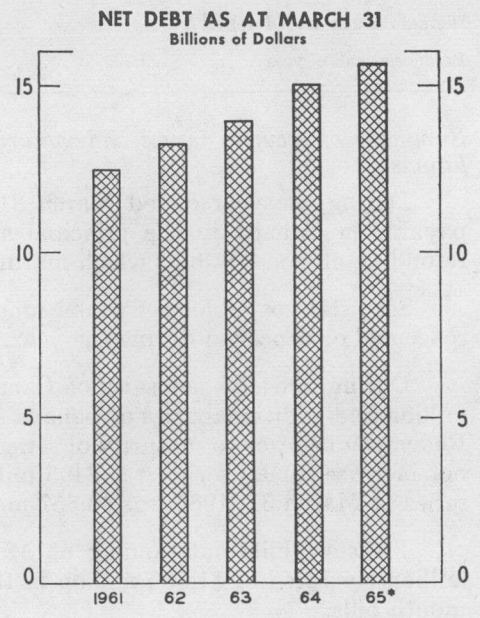


TABLE 66
(in millions of dollars)

Unmatured Debt Transactions	Fiscal year ended March 31	
	1965 (estimated)	1964
Balance at beginning of year	18,740	17,962
New issues—		
For cash—		
Canada savings bonds series 17		103
Canada savings bonds series 18	103	1,097
Canada savings bonds series 19 (net)	1,012	
Marketable bonds	1,975	1,725
Non-marketable bonds (Unemployment Insurance Commission)	87	66
Weekly treasury bills (net)	10	65
	3,187	*3,056*
By renewals and conversions—		
Marketable bonds	250	266
Total new issues	3,437	3,322
Less—		
Matured marketable bonds	−1,850	−1,511
Redeemed non-marketable bonds (Unemployment Insurance Commission)	−44	−77
Conversions	−250	−266
Canada savings bonds redeemed or matured	−650	−690
One-year treasury bills	−100	
	−2,894	*−2,544*
Unmatured marketable bonds (purchased and cancelled)	−300	
	−3,194	−2,544
Increase in unmatured debt	243	778
Balance at end of year	18,983	18,740

Summary of security issues and maturities, redemptions, conversions and cancellations

During the year ended March 31, 1965 the government issued securities payable in Canada in the principal amount of $3,437 million (excluding the refunding of treasury bills which mature weekly).

Securities payable in Canada amounting to $3,194 million matured, were redeemed or cancelled during the year.

During 1964–65 net sales of Canada savings bonds series 19 were $1,012 million and additional sales of Canada savings bonds series 18 were $103 million. Redemptions prior to maturity of series 8 to 18 amounted to $650 million. The net increase for all series was $465 million and the amount outstanding for all series at March 31, 1965 was $5,557 million.

Treasury bills outstanding at March 31, 1965 in the amount of $2,140 million consisted of $1,360 million in three-month bills and $780 million in six-month bills.

TABLE 67

DEBT MATURED, REDEEMED OR CANCELLED DURING THE FISCAL YEAR ENDED MARCH 31, 1965 (estimated)

—	Matured	Redeemed	Cancelled	Total
	$	$	$	$
One-year treasury bills	100,000,000			100,000,000
4% 1961–64	360,000,000			360,000,000
3¼% 1963–64	175,000,000			175,000,000
3½% 1961–64	250,000,000			250,000,000
3¼% 1963–64	185,000,000			185,000,000
4% 1961–64	240,000,000			240,000,000
3½% 1963–64	225,000,000			225,000,000
3½% 1962–65	350,000,000			350,000,000
3¾% 1964–65	65,000,000			65,000,000
3¾% 1958–65			(1)550,000,000	550,000,000
Canada savings bonds S.8–18		649,840,300		649,840,300
Unemployment Insurance Commission (non-marketable bonds)—				
4½%		43,000,000		43,000,000
4⅜%		1,500,000		1,500,000
	1,950,000,000	694,340,300	550,000,000	3,194,340,300

(1) $300,000,000 purchased and subsequently cancelled; $250,000,000 exchanged for 1964–69, 5% loan and subsequently cancelled.

TABLE 68

NEW SECURITIES ISSUED DURING YEAR ENDED MARCH 31, 1965 (estimated)

—	Issue price	Yield at price to government	Total amount issued	Amount issued for cash
	$	per cent	$	$
Marketable bonds—				
Loan due July 1, 1965 3½%	98.90	4.47	200,000,000	200,000,000
Loan due July 1, 1965 3½%	99.25	4.27	200,000,000	200,000,000
Loan due July 1, 1969 5%	99.75	5.05	(1)325,000,000	75,000,000
Loan due May 1, 1990 5¼%	98.63	5.35	75,000,000	75,000,000
Loan due May 1, 1990 5¼%	99.25	5.30	50,000,000	50,000,000
Loan due Dec. 1, 1965 3½%	98.85	4.52	200,000,000	200,000,000
Loan due Dec. 1, 1965 3½%	99.20	4.33	125,000,000	125,000,000
Loan due Oct. 1, 1967 3¾%	97.25	4.74	75,000,000	75,000,000
Loan due June 1, 1971 5%	100.00	5.00	350,000,000	350,000,000
Loan due May 1, 1966 3½%	99.20	4.16	175,000,000	175,000,000
Loan due Oct 1, 1973 5%	100.00	5.00	275,000,000	275,000,000
Loan due Dec. 15, 1966 4¼%	99.65	4.64	50,000,000	50,000,000
Loan due Oct. 1, 1968 5%	100.00	5.00	125,000,000	125,000,000
Non-marketable bonds—				
Unemployment Insurance Commission 4½%	100.00	4.50	43,000,000	43,000,000
Unemployment Insurance Commission 4⅜%	100.00	4.62	44,500,000	44,500,000
Canada savings bonds Nov. 1, 1963–Nov. 1, 1975 4½–5½% S.18	100.00	(2)5.03	102,463,150	102,463,150
Canada savings bonds Nov. 1, 1964–Nov. 1, 1974 4½–5½% S.19 (net)	100.00	(2)5.00	1,012,000,000	1,012,000,000
Weekly treasury bills (net)	various	various	10,000,000	10,000,000
			3,436,963,150	3,186,963,150

(1) $250,000,000 issued in exchange for 1958–65, 3¾% loan.
(2) If held to maturity.

Interest rates

The average interest rate on the government's unmatured debt did not vary to any great extent in 1964–65. It was 4.32 per cent at March 31, 1965 compared with 4.22 per cent at the end of the previous fiscal year.

The yield on three-month treasury bills at tender on March 25, 1964 was 3.88 per cent. On June 11, 1964 it had dropped to a low of 3.53 per cent and on November 26, 1964 it had risen to a high of 3.87 per cent and was 3.62 per cent on March 25, 1965.

The yield on six-month treasury bills at tender on March 25, 1964 was 4.04 per cent. On June 11, 1964 it had dropped to a low for the year of 3.69 per cent, on November 26, 1964 it had risen to a high of 4.06 per cent and was 3.73 per cent on March 25, 1965.

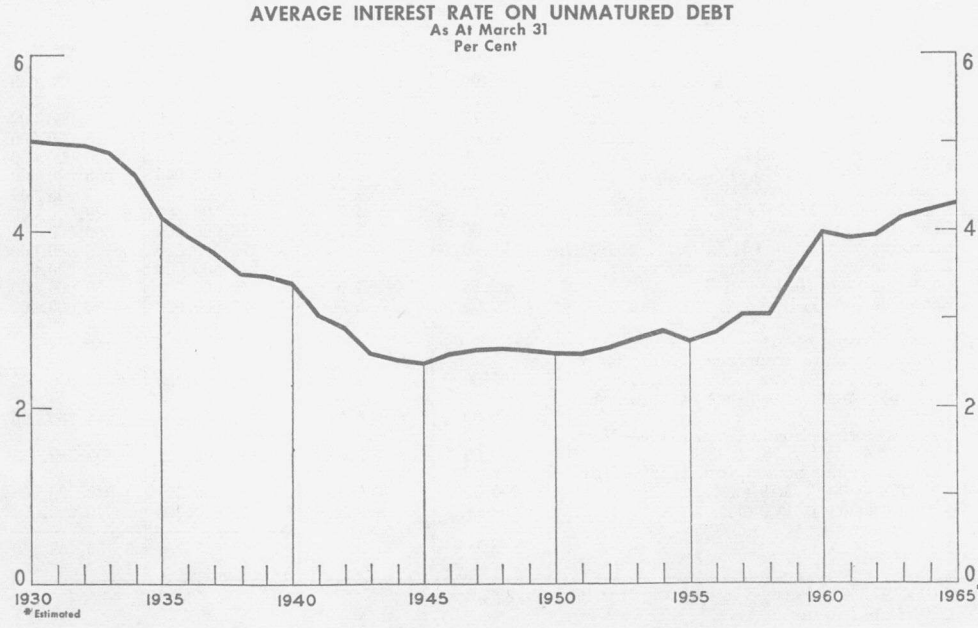
The following table shows the high and low yields together with the yield on the latest issue of three-month and six-month bills for the fiscal years 1960–61 to 1964–65 inclusive:

TABLE 69

TREASURY BILL YIELDS AT TENDER

Fiscal year ended March 31	High	Low	Last issue
	per cent	per cent	per cent
Three-month bills—			
1961	3.95	1.68	3.21
1962	3.34	2.26	3.12
1963	5.51	3.04	3.62
1964	3.90	3.19	3.88
1965	3.87	3.53	(1)3.62
Six-month bills—			
1961	4.07	1.99	3.37
1962	3.49	2.53	3.29
1963	5.74	3.19	3.74
1964	4.06	3.30	4.04
1965	4.06	3.69	(1)3.73

(1) At tender on March 25, 1965.



Indirect debt or contingent liabilities

In addition to the direct debt set out in the statement of assets and liabilities, the government has assumed certain indirect or contingent obligations. These consist of securities of the Canadian National Railways, guaranteed as to principal and interest, and a number of miscellaneous guarantees, the chief of which

are the guarantee of insured loans made by chartered banks and other approved lending institutions under the National Housing Act, 1954, deposits maintained by the chartered banks in the Bank of Canada, bank advances to the Canadian Wheat Board, advances under the Export Credits Insurance Act and bank loans under the Farm Improvement Loans Act.

The government's liability under its guarantee of loans under the National Housing Act, 1954 was $4,200 million at December 31, 1964 compared with $4,499 million at December 31, 1963.

TABLE 70

SUMMARY OF INDIRECT DEBT OR CONTINGENT LIABILITIES (estimated)

—	Amount of guarantee authorized	Amount outstanding
	$	$
Railway securities guaranteed as to principal and interest[1]—		
1. Canadian National 3% due January 3, 1966	35,000,000	35,000,000
2. Canadian National 2¾% due January 2, 1967	50,000,000	50,000,000
3. Canadian National 4½% due April 1, 1967	72,300,000	72,300,000
4. Canadian National 5% due May 15, 1968	55,800,000	55,800,000
5. Canadian National 2⅞% due September 15, 1969	70,000,000	70,000,000
6. Canadian National 2⅞% due January 16, 1971	40,000,000	40,000,000
7. Canadian National 5½% due December 15, 1971	190,561,500	190,561,500
8. Canadian National 3¾% due February 1, 1974	200,000,000	200,000,000
9. Canadian National 2¾% due June 15, 1975, U.S. $6,000,000	6,486,480	6,486,480
10. Canadian National 5% due May 15, 1977	84,150,000	84,150,000
11. Canadian National 4% due February 1, 1981	300,000,000	300,000,000
12. Canadian National 5¼% due January 1, 1985	99,500,000	99,500,000
13. Canadian National 5% due October 1, 1987	164,500,000	164,500,000
	1,368,297,980	1,368,297,980
Other outstanding guarantees and contingent liabilities—		
14. Deposits maintained by the chartered banks in the Bank of Canada[2]	Unstated	875,834,213
15. Loans made by lenders under Part IV of the National Housing Act, 1954, for home extensions and improvements[1]	25,000,000	15,863,475
16. Insured loans made by approved lenders under the National Housing Act, 1954[3]	6,000,000,000	4,200,000,000
17. Liability for insurance and guarantees and other commitments with respect to long-term financing under sections 21 and 21A of the Export Credits Insurance Act[1]	1,000,000,000	466,656,836
18. Loans made by chartered banks under the Farm Improvement Loans Act[1]	86,400,000	70,900,000
19. Loans made by chartered banks under the Veterans' Business and Professional Loans Act[1]	15,000	15,000
20. Loans made by chartered banks and credit unions under the Fisheries Improvement Loans Act[1]	2,700,000	200,000
21. Loans made by chartered banks under the Small Businesses Loans Act[1]	37,400,000	9,600,000
22. Loans made by chartered banks under the Canada Student Loans Act[4]	40,000,000	21,000,000
23. Loans made by chartered banks to the Canadian Wheat Board[1]	416,000,000	49,800,000
		5,709,869,524
24. Loans maintained by approved lending institutions under National Housing Acts prior to 1954 Act	Unstated	Indeterminate
25. Guarantees to owners of returns from moderate rental housing projects[5]	Unstated	Indeterminate

[1] As at December 31, 1964.
[2] As at February 10, 1965.
[3] As reported (in accordance with Sec. 45, National Housing Regulations) by approved lenders at December 31, 1964.
[4] As at December 31, 1964. Includes contingent liability in respect of alternative payments to non-participating provinces.
[5] Funds totalling $3,901,429 are held by Central Mortgage and Housing Corporation for the purpose of settling claims. In 1964 rental guarantee contracts totalled $14,629,600.

SUPPLEMENTARY DETAILED TABLES

REVENUE

EXPENDITURE

ANNUAL CHANGES IN LOANS AND INVESTMENTS

UNMATURED DEBT

STATEMENT OF REVENUE FOR THE LAST FIVE FISCAL YEARS
(in millions of dollars)

—	1960–61	1961–62	1962–63	1963–64	1964–65 (estimated)
	$	$	$	$	$
TAX REVENUE					
Income tax—					
Personal[1]	1,711.2	1,792.7	1,744.6	1,865.1	2,108.0
Corporation[1]	1,276.6	1,202.0	1,182.8	1,259.0	1,510.0
On dividends, interest, etc., going abroad	88.2	112.3	129.2	124.5	144.0
	3,076.0	*3,107.0*	*3,056.6*	*3,248.6*	*3,762.0*
Excise taxes—					
Sales tax[1][2]	720.6	759.7	806.0	946.1	1,193.0
Other excise taxes—					
Automobiles	59.6	25.3	[3]	[3]	[3]
Cigarettes, tobacco and cigars	193.7	207.6	217.8	226.9	220.0
Electric power export	1.6	1.0	0.5	0.1	[3]
Jewellery, watches, ornaments, etc.	5.9	5.6	5.8	6.4	6.6
Matches and lighters	0.8	1.1	1.2	1.3	1.2
Television sets, radios, tubes and phonographs	15.9	18.4	19.9	22.0	23.5
Toilet preparations	8.4	9.4	10.2	11.1	12.5
Wines	3.2	3.3	3.7	3.8	4.1
Sundry commodities	1.1	1.1	1.2	1.3	1.4
Interest and penalties	0.8	0.7	0.5	0.8	1.0
Less refunds	−0.3	−11.0	−0.4	−0.3	−0.3
	290.7	*262.5*	*260.4*	*273.4*	*270.0*
Customs import duties	498.7	534.5	645.0	581.4	617.0
Excise duties—					
Spirits	108.5	114.1	122.1	129.4	135.0
Beer	91.0	92.7	98.2	102.9	106.0
Cigarettes, tobacco and cigars	149.6	160.5	166.5	165.7	171.0
Licences	[3]	[3]	[3]	[3]	[3]
Less refunds	−4.2	−4.5	−4.9	−4.7	−6.0
	344.9	*362.8*	*381.9*	*393.3*	*406.0*
Estate tax	[4]84.9	[4]84.6	[4]87.1	90.6	89.7
Miscellaneous tax revenue	[3]	0.1	[3]	0.1	0.3
Total tax revenue	5,015.8	5,111.2	5,237.0	5,533.5	6,338.0
NON-TAX REVENUE					
Return on investments	283.8	307.5	311.9	366.4	414.0
Post office—net postal revenue	173.6	183.7	192.8	200.7	234.0
Other	144.5	127.2	137.0	152.6	150.0
Total non-tax revenue	601.9	618.4	641.7	719.7	798.0
Total revenue	5,617.7	5,729.6	5,878.7	6,253.2	7,136.0

[1] Excluding tax credited to the old age security fund—

	1960–61	1961–62	1962–63	1963–64	1964–65 (estimated)
Personal income tax	229.4	259.0	273.7	302.6	432.0
Corporation income tax	103.5	100.1	115.2	115.7	143.0
Sales tax	270.2	284.9	302.2	331.8	378.0

[2] Net after deduction of refunds and drawbacks as well as transfers to the old age security fund.

[3] Less than $50,000.

[4] Includes duties levied under the Dominion Succession Duty Act.

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

—	1960-61	1961-62	1962-63	1963-64	1964-65 (estimated)
	$	$	$	$	$
AGRICULTURE—					
Administration and general	3.0	4.1	3.3	3.8	3.9
Agricultural commodities stabilization account—net operating loss	53.4	22.0	71.8	122.2	57.0
Agricultural products board account—net operating loss		4.9	0.9	1.0	0.3
Board of Grain Commissioners	6.3	6.5	6.2	6.7	6.8
Farm Credit Corporation—net operating loss				1.1	1.5
Prairie farm emergency fund—deficit	9.2	47.7	7.3	1.1	0.4
Production and marketing	35.8	41.5	39.0	38.5	41.7
Contributions to Alberta, Saskatchewan and Manitoba—unharvested crops	1.4				
Payments to western grain producers	40.5	40.1	0.1		
Rehabilitation and reclamation projects	18.7	25.1	27.8	23.7	27.5
Research	26.2	26.8	27.0	27.6	28.9
	194.5	*218.7*	*183.4*	*225.7*	*168.0*
ATLANTIC DEVELOPMENT BOARD			(1)	0.2	4.4
ATOMIC ENERGY	38.9	34.7	63.2	45.9	47.0
AUDITOR GENERAL'S OFFICE	0.9	1.1	1.2	1.3	1.6
BOARD OF BROADCAST GOVERNORS	0.3	0.3	0.4	0.3	0.4
CANADIAN BROADCASTING CORPORATION—					
Grants toward the net operating and capital requirements of the radio broadcasting and television services	64.9	76.5	79.0	85.7	85.9
International service	1.9	1.7	1.8	1.9	2.1
	66.8	*78.2*	*80.8*	*87.6*	*88.0*
CANADIAN CORPORATION FOR THE 1967 WORLD EXHIBITION			0.3	1.1	23.0
CENTRAL MORTGAGE AND HOUSING CORPORATION	3.7	5.8	8.7	13.5	14.0
OFFICE OF THE CHIEF ELECTORAL OFFICER	0.6	0.4	11.8	11.9	0.6
CITIZENSHIP AND IMMIGRATION—					
Administration and general	2.4	2.6	2.6	2.7	3.1
Immigration	12.2	11.9	12.5	13.2	14.6
Indian affairs	46.4	50.4	51.0	55.6	65.3
	61.0	*64.9*	*66.1*	*71.5*	*83.0*
CIVIL SERVICE COMMISSION	4.2	4.7	4.8	5.2	6.4
DEFENCE PRODUCTION—					
Defence expenditures	17.5	19.6	21.0	20.6	22.0
Non-defence expenditures	2.1	2.1	1.9	1.9	2.4
	19.6	*21.7*	*22.9*	*22.5*	*24.4*
ECONOMIC COUNCIL OF CANADA				0.2	0.9
EMERGENCY MEASURES ORGANIZATION	3.7	5.1	6.4	6.9	8.0
EXTERNAL AFFAIRS—					
Administration and general	35.6	28.9	23.7	28.8	33.1
External aid	55.8	53.9	46.5	51.7	77.4
Representation abroad	11.6	12.8	15.0	16.5	17.5
	103.0	*95.6*	*85.2*	*97.0*	*128.0*
FINANCE—					
Administration and general	19.1	18.8	31.8	22.3	24.4
Office of the Comptroller of the Treasury	20.6	22.0	23.3	23.8	25.0
Grants to municipalities in lieu of taxes on federal property	24.5	24.7	29.2	31.5	34.0
Grants to universities	19.0	19.4	26.3	26.8	27.1

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

——	1960–61	1961–62	1962–63	1963–64	1964–65 (estimated)
	$	$	$	$	$
FINANCE—*Concluded*					
Public service superannuation account—					
Government's contribution	41.4	46.9	51.1	54.0	55.6
Amortization of deferred charges					10.0
Payments to provinces—					
Statutory subsidies	20.7	23.5	23.5	23.6	23.6
Tax-sharing arrangements, 1956 act	504.9	503.3			
Fiscal arrangements, 1961 act			241.8	220.9	311.7
Transfer of certain public utility tax receipts	4.2	6.4	10.0	9.8	10.6
Crown Corporations (Provincial Taxes and Fees) Act					3.8
Transitional grant to Newfoundland	0.3				
Additional grants to Newfoundland	7.7	8.0			
Public debt charges—					
Interest on public debt	756.7	802.9	881.6	954.5	1,008.0
Cost of issuing new loans and annual amortization of bond discounts and commissions	40.2	35.3	34.6	38.2	38.9
Servicing of public debt	0.7	0.8	1.6	1.0	1.3
	1,460.0	*1,512.0*	*1,354.8*	*1,406.4*	*1,574.0*
FISHERIES	19.2	23.1	23.3	23.7	26.0
FORESTRY—					
Administration and general	10.3	14.8	16.2	18.5	20.5
Freight assistance and grain storage costs	19.2	17.5	14.4	18.7	19.5
Rehabilitation and reclamation projects	1.5	1.0	1.2	4.6	10.0
	31.0	*33.3*	*31.8*	*41.8*	*50.0*
GOVERNOR GENERAL AND LIEUTENANT-GOVERNORS	0.4	0.5	0.5	0.5	0.7
INDUSTRY—					
Defence	2.9	4.4	8.0	19.0	20.0
Non-defence	0.1	0.1	0.4	0.7	3.2
	3.0	*4.5*	*8.4*	*19.7*	*23.2*
INSURANCE	1.3	1.4	1.4	1.4	1.5
JUSTICE—					
Administration and general	8.1	8.8	9.1	10.6	11.5
Correctional services	19.6	23.8	25.4	27.8	39.5
Patents, copyrights and trade marks	2.7	2.8	2.5	2.6	3.0
	30.4	*35.4*	*37.0*	*41.0*	*54.0*
LABOUR—					
Administration and general	15.6	31.6	34.9	35.9	63.0
Technical and vocational training assistance payments to provinces	8.5	35.7	208.0	136.4	105.0
Unemployment Insurance Commission—					
Administration and general	42.1	46.0	48.1	48.8	54.0
Government's contribution	55.1	55.6	57.3	59.3	62.0
	121.3	*168.9*	*348.3*	*280.4*	*284.0*
LEGISLATION—					
House of Commons	6.3	6.2	5.9	10.1	11.0
Library of Parliament	0.3	0.3	0.4	0.3	0.4
Senate	1.9	1.9	1.8	2.5	2.6
	8.5	*8.4*	*8.1*	*12.9*	*14.0*
MINES AND TECHNICAL SURVEYS—					
Administration and general	27.7	35.3	35.5	32.2	38.2
Dominion Coal Board	19.3	19.9	20.4	20.6	23.2
Emergency gold mining assistance	12.1	12.4	15.2	15.0	15.6
	59.1	*67.6*	*71.1*	*67.8*	*77.0*
NATIONAL CAPITAL COMMISSION	6.3	8.7	13.0	12.2	9.9

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Continued*

(in millions of dollars)

—	1960-61	1961-62	1962-63	1963-64	1964-65 (estimated)
	$	$	$	$	$
NATIONAL DEFENCE—					
Defence forces, army, naval and air services	1,406.0	1,502.8	1,433.9	1,458.8	1,369.0
Defence research and development	41.9	40.4	41.1	46.1	57.0
Canadian forces superannuation account—					
Government's contribution	40.5	56.0	58.1	59.7	59.0
Special government contribution				76.5	
Amortization of deferred charges					15.0
Mutual aid to NATO countries	14.6	11.1	25.0	28.9	27.0
Pensions—payments under Defence Services Pension Act	6.7	7.3	7.5	7.9	8.0
Other	5.6	5.4	5.5	5.6	4.0
	1,515.3	*1,623.0*	*1,571.1*	*1,683.5*	*1,539.0*
NATIONAL FILM BOARD	4.9	5.1	5.6	5.8	6.4
NATIONAL GALLERY OF CANADA	0.9	1.0	1.0	1.1	1.3
NATIONAL HEALTH AND WELFARE—					
Administration and general	1.7	1.8	1.9	2.0	2.3
Health services—					
General health grants and hospital construction grants	48.0	49.0	50.3	53.0	57.5
Government's contributions under the Hospital Insurance and Diagnostic Services Act	189.4	283.9	336.7	392.2	430.0
Other	5.6	6.3	6.6	6.9	6.8
Welfare services—					
Family allowances	506.2	520.8	531.6	538.3	546.2
Youth allowances					27.2
Fitness and amateur sport payments		0.2	1.1	1.6	3.0
Old age assistance, blind persons and disabled persons allowances	51.3	51.4	62.7	64.4	74.1
Unemployment assistance	51.5	92.0	96.5	107.4	111.0
Other	3.3	3.3	3.4	4.1	5.3
Medical services	26.8	28.1	28.9	30.6	33.2
Food and drug services	2.4	2.5	2.8	3.4	4.4
	886.2	*1,039.3*	*1,122.5*	*1,203.9*	*1,301.0*
NATIONAL RESEARCH COUNCIL, INCLUDING THE MEDICAL RESEARCH COUNCIL	34.4	38.8	40.6	47.3	57.0
NATIONAL REVENUE	73.4	75.3	78.6	83.0	87.0
NORTHERN AFFAIRS AND NATIONAL RESOURCES	70.8	78.4	86.4	77.3	85.0
POST OFFICE	178.4	185.0	189.4	206.9	211.0
PRIVY COUNCIL, including Prime Minister's Office	1.3	3.5	2.1	2.9	4.5
PUBLIC ARCHIVES AND NATIONAL LIBRARY	0.8	1.0	1.1	1.1	1.5
PUBLIC PRINTING AND STATIONERY—					
Publications	1.4	1.9	2.0	2.2	2.8
PUBLIC WORKS—					
Administration and general	23.6	15.5	15.7	17.7	25.6
Accommodation services	81.7	81.4	71.6	74.3	85.1
Harbours and rivers engineering services	36.9	35.8	29.4	23.6	28.2
Trans-Canada highway contributions	48.7	41.6	33.0	39.2	74.1
	190.9	*174.3*	*149.7*	*154.8*	*213.0*
OFFICE OF THE REPRESENTATION COMMISSIONER				(1)	0.2
ROYAL CANADIAN MOUNTED POLICE	56.0	60.5	65.4	66.9	75.0

The Budget—Appendix

STATEMENT OF EXPENDITURE BY DEPARTMENTS AND MAJOR CATEGORIES FOR THE LAST FIVE FISCAL YEARS—*Concluded*

(in millions of dollars)

—	1960-61	1961-62	1962-63	1963-64	1964-65 (estimated)
	$	$	$	$	$
SECRETARY OF STATE	3.0	3.2	4.8	7.6	22.3
TRADE AND COMMERCE—					
Administration and general	12.3	14.9	14.5	16.1	18.8
Assistance *re* storage costs of grain	48.2	48.8	35.2	39.6	34.0
Canadian government travel bureau	2.7	3.0	3.4	3.9	5.0
Dominion Bureau of Statistics	10.4	24.6	11.9	12.3	13.5
National Energy Board	0.4	0.4	0.5	0.6	0.7
	74.0	*91.7*	*65.5*	*72.5*	*72.0*
TRANSPORT—					
Administration and general	2.6	5.8	5.9	4.7	5.6
Air services	133.9	150.0	136.9	121.1	136.0
Canadian Maritime Commission	6.9	10.2	31.0	49.8	41.2
Marine services	49.1	48.6	57.8	64.1	64.0
Non-active assets—					
National Harbours Board	0.6	4.9	5.2	0.3	8.2
Railway and steamship services	5.0	4.6	14.6	30.2	36.8
Maritime Freight Rates Act	14.1	12.2	12.9	13.4	15.1
Deficits—					
Canadian National Railways	67.5	67.3	48.9	43.0	38.7
Newfoundland ferry and terminals	5.4	7.3	8.2	8.6	11.0
Prince Edward Island car ferry and terminals	2.6	3.0	3.3	3.3	4.1
Yarmouth—Bar Harbour ferry service	0.1	0.1	0.2	0.2	0.3
Board of Transport Commissioners	1.2	1.3	1.3	1.4	1.5
Freight Rates Reduction Act	20.4	19.0	20.6		
Payments to the railways for the maintenance of the rates of freight traffic		50.0	50.0	68.1	70.4
Maintenance of trackage	7.0	7.0	7.0	7.0	7.0
Contributions to the railway grade crossing fund	15.0	10.0	5.8	5.1	5.1
Air Canada—deficit	2.6	6.5	3.5		
Canals and works entrusted to The St. Lawrence Seaway Authority	2.4	2.6	2.9	3.0	30.0
	336.4	*410.4*	*416.0*	*423.3*	*475.0*
VETERANS AFFAIRS—					
Administration and general	10.2	10.4	10.3	10.0	10.4
Pensions	150.7	177.9	175.9	173.2	179.3
Provision for reserve for conditional benefits	3.4	3.3	3.2	3.2	3.1
Soldier settlement and veterans land acts	5.2	4.6	4.6	4.5	4.5
Treatment services	50.1	48.1	46.4	46.4	48.7
Welfare services, allowances and other benefits	72.7	88.9	95.2	96.4	107.0
	292.3	*333.2*	*335.6*	*333.7*	*353.0*
TOTAL EXPENDITURE	5,958.1	6,520.6	6,570.3	6,872.4	7,219.0

(1) Less than $50,000.

ANNUAL CHANGES IN LOANS AND INVESTMENTS FOR THE LAST FIVE FISCAL YEARS

(in millions of dollars)

——	1960–61	1961–62	1962–63	1963–64	1964–65 (estimated)
	$	$	$	$	$
Loans to, and investments in, Crown corporations—					
Air Canada	1.3	0.2	−0.4	0.4	−1.4
Atomic Energy of Canada Limited	1.5	4.9	−12.5	0.4	13.0
Canadian Broadcasting Corporation	3.0				14.2
Canadian Commercial Corporation	1.0	3.0	−0.5	−4.0	
Canadian National Railways	−116.5	72.3	274.7	−28.8	24.7
Canadian National (West Indies) Steamships Limited	−1.0	−0.7	−0.6		
Canadian Overseas Telecommunication Corporation	9.1	6.2	11.4	6.2	0.8
Central Mortgage and Housing Corporation	192.0	190.3	101.8	113.3	221.0
Export Credits Insurance Corporation		5.2	19.6	23.4	33.8
Farm Credit Corporation	40.1	54.2	59.0	69.9	102.4
National Capital Commission	7.4	6.2	9.4	12.1	11.6
National Harbours Board	11.4	6.0	13.8	5.5	2.6
Northern Canada Power Commission	0.9	−0.3	−7.2	3.4	6.4
Northern Ontario Pipe Line Crown Corporation	2.2	−4.7	−8.4	−110.6	
The St. Lawrence Seaway Authority	24.0	(1)28.3	(1)22.7	(1)24.9	(1)−6.4
Other	0.1				0.6
	176.5	*371.1*	*482.8*	*116.1*	*423.3*
Loans to national governments—					
United Kingdom—					
The United Kingdom Financial Agreement Act, 1946	−16.7	−17.1	−17.5	−17.8	(2)19.6
Export Credits Insurance Act	−15.2	−15.3	−105.9	−2.3	−2.3
Special loans to Colombo plan countries to finance the purchase of wheat and flour from Canada	−3.5	−5.0	−5.0	−5.0	−5.0
Loan to India for the purchase in Canada of aircraft and associated spare parts and equipment				10.0	−1.0
Other	−0.9	−1.0	−0.6		
	−36.3	*−38.4*	*−129.0*	*−15.1*	*11.3*
Other loans and investments—					
Subscriptions to capital of, working capital advances and loans to, international organizations—					
Canada's subscription to capital of—					
International monetary fund	15.0	21.0	12.6		
International bank for reconstruction and development	2.8		6.8		
International development association	8.5	7.9	8.5	7.9	7.9
Working capital advances and loans to international organizations	−0.3	−0.1	6.2	0.2	
Loans to provincial governments	−1.1	−0.5	5.8	−0.5	5.8
Provincial tax collection agreements—advances			13.1	−2.7	−10.4
Balances receivable under agreements of sale of Crown assets	−3.9	−1.5	−2.3	−2.3	−2.0
Housing projects for Canadian forces	0.1	1.9	6.1	5.4	1.6
Municipal development and loan board					7.5
Old age security fund	−10.7	−17.3	41.7	58.3	−64.0
Unemployment Insurance Commission	67.0	−67.0			
Veterans land act advances	14.5	11.3	18.6	21.0	14.2
Other	0.3	2.5	−0.3	−0.2	1.7
	92.2	*−41.8*	*116.8*	*87.1*	*−37.7*
Net total of changes in loans and investments	232.4	290.9	470.6	188.1	396.9

(1) Includes deferred interest.
(2) Deferred interest.

The Budget—Appendix

UNMATURED DEBT INCLUDING TREASURY BILLS AS AT MARCH 31, 1965 AND THE ANNUAL INTEREST THEREON (estimated)

—	Date of maturity	Rate per cent	Amount of loan	Annual interest
			$	$
Payable in Canada—				
Loan of 1962 AT 15	1965 Apr. 1	4¼	110,000,000	4,675,000
Loan of 1963 CT 2	Apr. 1	4¼	90,000,000	3,825,000
Loan of 1964 CT 10	July 1	3½	400,000,000	14,000,000
Conversion loan 1958 T 27	Sept. 1	3¾	449,890,600	16,870,898
Canada savings bonds 1953 S 8	Nov. 1	3¾	(1)45,349,000	1,700,588
Loan of 1964 CT 13	Dec. 1	3½	325,000,000	11,375,000
Loan of 1963 AT 19	1966 Feb. 1	3½	225,000,000	7,875,000
Loan of 1964 CT 7	Feb. 1	3½	105,000,000	3,675,000
Loan of 1965 CT 16	May 1	3½	175,000,000	6,125,000
Ninth victory loan P 7	Sept. 1	3	245,202,200	7,356,066
Canada savings bonds 1954 S 9	Nov. 1	3¼	(1)28,178,000	915,785
Loan of 1961 AT 6	Dec. 15	4½	175,000,000	7,875,000
Loan of 1963 CT 5	Dec. 15	4½	125,000,000	5,625,000
Loan of 1961 AT 9	1967 June 1	4¼	275,000,000	11,687,500
Loan of 1962 AT 12	Oct. 1	3¾	100,000,000	3,750,000
Loan of 1964 CT 14	Oct. 1	3¾	75,000,000	2,812,500
Canada savings bonds 1955 S 10	Nov. 1	3¼	(1)26,946,000	875,745
Loan of 1962 AT 11	1968 Jan. 15	4¼	250,000,000	10,625,000
Loan of 1964 CT 8	Jan. 15	4¼	130,000,000	5,525,000
Refunding loan 1950 P 9	June 15	2¾	308,581,000	8,485,977
Loan of 1963 CT 3	Oct. 1	5	441,000,000	22,050,000
Canada savings bonds 1959 S 14	Nov. 1	5	(1)914,953,000	45,747,650
Loan of 1960 T 39	1969 Apr. 1	5½	80,000,000	4,400,000
Loan of 1962 AT 16	Apr. 1	5½	100,000,000	5,500,000
Canada savings bonds 1956 S 11	May 1	4	(1)48,341,000	1,933,640
Loan of 1964 CT 11	July 1	5	325,000,000	16,250,000
Loan of 1962 AT 13	Oct. 1	5½	80,000,000	4,400,000
Loan of 1958 T 24	1970 May 1	3½	200,000,000	7,000,000
Canada savings bonds 1957 S 12	Nov. 1	4¾	(1)389,142,000	18,484,245
Canada savings bonds 1960 S 15	Nov. 1	5	(1)414,231,000	20,711,550
Loan of 1964 CT 15	1971 June 1	5	350,000,000	17,500,000
Canada savings bonds 1961 S 16	Nov. 1	4½	(1)342,962,000	15,433,290
Conversion loan 1958 T 28	1972 Sept. 1	4½	1,267,203,100	53,856,132
Loan of 1965 CT 17	1973 Oct. 1	5	275,000,000	13,750,000
Canada savings bonds 1958 S 13	Nov. 1	4¼	(1)109,312,000	4,645,760
Canada savings bonds 1964 S 19	1974 Nov. 1	4½	(1)1,012,000,000	45,540,000
Loan of 1959 T 36	1975 Oct. 1	5½	310,361,000	17,069,855
Canada savings bonds 1963 S 18	Nov. 1	4½	(1)940,000,000	42,300,000
Loan of 1960 T 38	1976 Apr. 1	5½	436,198,000	23,990,890
Loan of 1954 T 11	June 1	3¼	247,046,500	8,029,011
Canada savings bonds 1962 S 17	Nov. 1	4½	(1)1,285,536,000	57,849,120
Loan of 1953 and 1958 T 5	1978 Jan. 15	3¾	207,911,500	7,796,681
Loan of 1954 T 13	1979 Oct. 1	3¼	343,246,500	11,155,511
Loan of 1962 AT 14	1980 Aug. 1	5½	120,000,000	6,600,000
Conversion loan 1958 T 29	1983 Sept. 1	4½	1,992,679,450	89,670,575
Loan of 1963 AT 21	1988 June 1	5	100,000,000	5,000,000
Loan of 1964 CT 9	June 1	5	50,000,000	2,500,000
Loan of 1964 CT 12	1990 May 1	5¼	125,000,000	6,562,500
Conversion loan 1956 T 15	1998 Mar. 15	3¾	197,045,000	7,389,188
Loan of 1936 P 1	Perpetual	3	55,000,000	1,650,000
Three-month treasury bills		(2)3.62	1,360,000,000	51,109,850
Six-month treasury bills		(2)3.73	780,000,000	30,327,000
Special non-marketable bonds (U.I.C.)		4⅝	43,000,000	1,988,750
			18,606,314,850	803,846,257
Payable in New York—				
Loan of 1949	1974 Sept. 1	2¾	(3)65,087,502	1,789,906
Loan of 1950	1975 Sept. 15	2¾	(3)41,047,527	1,128,807
Loan of 1962	1987 Oct. 15	5	(3)270,270,000	13,513,500
			376,405,029	16,432,213
			18,982,719,879	820,278,470

NOTE—The interest shown is a projection for one year at the annual rates on principal amounts outstanding at March 31, 1965. Where various rates of interest are applicable during the term of a loan the interest rate in effect at March 31, 1965 has been used.

(1) Estimated.

(2) Rate of discount at tender on March 25, 1965.

(3) Conversion rate $1 U.S.=$1.08108 Canadian.

HOUSE OF COMMONS

Tuesday, April 27, 1965

The house met at 2.30 p.m.

INDUSTRY

POSSIBLE RESULTS OF CANADA-U.S. AUTOMOBILE AGREEMENT

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, in connection with the lay-offs at automobile plants in Windsor and possible lay-offs elsewhere, in the absence of the Minister of Industry I would direct a question to the Prime Minister. Would he place before the House the general agreement between Canada and the United States with reference to automobiles, free trade in parts and the like?

I see the Minister is now here, so I will redirect my question to the Minister of Industry and tell him it has to do with the arrangement between Canada and the United States with reference to autos and auto parts. Is it a fact, as I am informed was stated yesterday in a committee in Washington, that under the arrangement which has been made between our two countries the big three in the auto industry in Canada will, if the agreement is consummated by its acceptance by the Congress of the United States, build only one model in their Canadian plants for the North American market, a smaller model of automobile than is being built today?

Is it a fact, as was reported to me from Washington, that the result of one small model being built in Canadian plants would adversely affect Canadian suppliers, particularly suppliers of steel and other materials used in cars; and is it a fact that the tool, die and machine industry of Canada would suffer greatly since only one set of tooling dies would be required for the Canadian automobile industry?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have not had access to the document from which the right hon. gentleman is quoting, but to the best of my knowledge there is not in existence now any plan to limit Canadian production to one small model of one automobile. The motor car manufacturers in Canada are in the process of endeavouring to make plans to augment, to increase very substantially, their production in Canada. These plans are not yet finalized, but from what I have learned of the progress of the plans to date the intention, as suggested, to limit production in Canada to one small model of automobile is not likely to be the result.

Mr. Diefenbaker: Whether it is likely to be the result or not, has this been discussed as a possible solution of the problem?

Mr. Drury: No, Mr. Speaker. As I indicated, this has not been propounded as a possible solution of the problem.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I would like to direct a supplementary question to the Minister of Labour. Would he care to report to the House on his meeting this morning with Mr. Scott, president of Ford of Canada? Did he discuss with him the movement of their purchasing department to head office in Detroit, and did he also discuss with him the reason Ford cars are being sold more cheaply in Buffalo than they are in Canada?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, we did have a meeting with Mr. Scott this morning, attended by the Minister of Industry, the Secretary of State and myself. At this meeting we had the opportunity to review the steps which the Ford Motor Company is planning to take in arranging for temporary lay-offs resulting from the rearrangement of production machinery in the engine plant in Windsor. We shall be meeting later in the week, on Thursday, with Mr. George Burt, the international representative of the U.A.W. The purpose of the meeting was to discuss important questions, and the matters raised by the hon. Member were not discussed at this meeting.

• (2:40 p.m.)

Mr. T. C. Douglas (Burnaby-Coquitlam): A supplementary question. Some weeks ago following a meeting with the U.A.W. the Minister of Labour said machinery was being set up whereby the trade unions, management and Government would be prepared to cope with the problem of lay-offs. I want to ask the Minister whether any such machinery

has indeed been set up and, if so, what is the nature of that machinery and what will be its function.

Mr. MacEachen: I do not recall the exact expression used by my hon. friend, but there is available within the Department of Labour a manpower service which could be utilized to meet a situation of this kind. However, it does involve its voluntary acceptance by both management and labour.

At the present time we are in the process of securing from all the automobile manufacturers information regarding the extent of the manpower adjustments which may be required as a result of the changes with respect to the Ford plant. As I mentioned yesterday there will be temporary lay-offs over a period of time. The expectation is that the lay-offs which will take place in May and June can be met through extending employment opportunities in the Windsor area, and at present the National Employment Service is on the scene and will be available to assist actively, and I trust successfully, the workers displaced from the Ford plant. At present we are in the process of considering what, if any, additional machinery may be required to meet the problem which will affect the workers of higher seniority who may be involved later in the summer. But I would point out that as a result of the discussions held this morning, and placing the problem in its total perspective, the situation is not as serious as the first reaction might have indicated last week.

Mr. Douglas: In view of the fact that this continuous process of rationalization which is called for by the United States-Canada agreement on automobiles may result in further employment dislocation, is the Government prepared to set up a special retraining program for automobile workers affected by this economic dislocation?

Mr. MacEachen: One of the subjects raised this morning was whether a retraining program could usefully be employed in these circumstances, and this is a matter which is being explored further this afternoon by officials of the Department of Labour and of the Ford Motor Company. I hope later in the week we may be able to raise this question with the union representatives to find out whether in these circumstances retraining might provide useful assistance.

Mr. Douglas: May I direct a supplementary question to the Prime Minister. In view of the fact that the whole question of this agreement is raising more and more problems, information about which is lacking to hon. Members in the main, I wonder whether the Prime Minister would give consideration to a suggestion which was made a couple of weeks ago that a special day be set aside on which the Minister of Industry and the Minister of Labour could discuss this particular agreement and tell the House what plans the Government has to cope with any dislocation which may result from it.

Right Hon. L. B. Pearson (Prime Minister): There will be an opportunity before long to discuss this agreement. Indeed, there will be an immediate opportunity to discuss some of the matters raised by this agreement in the course of the budget debate which begins tomorrow.

Mr. Diefenbaker: But not to get a reply.

Mr. W. B. Nesbitt (Oxford): Could the Prime Minister tell the House how soon we may expect to have the agreement presented to Parliament for discussion, so that some time could be spent going into the whole matter?

Mr. Pearson: I cannot say exactly when the agreement will be submitted. I believe it will not be long, and it will be discussed with the House leaders when we deal with Parliamentary business after the budget debate.

Mr. Lawrence E. Kindt (Macleod): Mr. Speaker, may I direct a further question to the Minister of Labour. Has he any figures or has he made any study of the possible lay-offs in allied industries which are supplying materials to the auto parts industry?

Mr. MacEachen: Yes, Mr. Speaker, this is a matter that has been under consideration and is receiving the attention of the Department of Labour and the Department of Industry.

Mr. Kindt: A supplementary question, Mr. Speaker. Has the Minister any figures that he can release to Parliament and to the people of the country as to the possible incidence of this move on related industries? He should have some figures and studies.

Mr. MacEachen: Mr. Speaker, I think it would be quite difficult for me at this stage to produce the kind of figures my hon. friend mentions. It ought to be borne in mind in this discussion that whatever changes occur will take place within a context of expanding employment, and that the adjustments will take place in that situation. The Minister of Industry may be in a position to provide additional information at a later time.

EXTERNAL AFFAIRS

DOMINICAN REPUBLIC—STEPS TO ENSURE SAFETY OF CANADIANS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is to the Secretary of State for External Affairs. With the coup situation in the Dominican Republic developing into a full scale civil war, could the Minister inform the House as to what is being done to protect the lives of the several hundred Canadian nationals who are in that country?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the Canadian and United States Embassies are working together in this matter. The situation is not one at the moment, as of the latest information, that would require evacuation. However, preparatory steps have been taken if any such need should arise.

VIET NAM—CANADIAN POSITION RESPECTING U.S. POLICY

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): May I direct a question to the Prime Minister. In view of the answer the Prime Minister gave to a question on Viet Nam put by the hon. Member for York-Sunbury, and in view of the Prime Minister's recent speech with which the President of the United States disagreed vehemently, what is Canada's position in reference to the United States stand in Viet Nam at this time?

Right Hon. L. B. Pearson (Prime Minister): We dealt with that yesterday.

Mr. Woolliams: Is Canada, in this regard, in disagreement or agreement with the United States stand?

Mr. Pearson: If the hon. gentleman will read yesterday's *Hansard* he will find the answer.

Mr. Woolliams: I find the answer as clear yesterday as it is today.

[*Later:*]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would direct a question to the Secretary of State for External Affairs and ask him whether he agrees with the summation by the Secretary General of the United Nations that there has been a very considerable, serious disintegration in the situation in Viet Nam. At the same time will he give an answer to a question that has been asked of the Prime Minister, and which I ask him, that because of this very incendiary situation in Southeast Asia should not parliament have a day—and I would suggest Friday as that day—when the whole matter may be discussed; because this is something serious and perilous and ought to be given the consideration of the House of Commons. We have had no information whatever on that other than extra-territorial statements made by the Prime Minister in another country.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I noted that yesterday my right hon. friend asked the Prime Minister whether a day could be set aside, and the Prime Minister indicated that he would give consideration to the matter. I know that he is doing that—

Mr. Diefenbaker: When?

Mr. Martin (Essex East): My right hon. friend asks when. I just cannot give him a positive response to that, but I remind my right hon. friend that we have had a discussion on this subject. My right hon. friend shakes his head, but he took part in that debate, and I thought on that occasion made a very constructive statement.

We are considering this serious situation. However, I cannot agree with the remarks my right hon. friend has made about what he calls the extraterritorial statement made by the Prime Minister of this country. I may say to my right hon. friend that the visit which the Prime Minister had with the President of the United States has turned out to be an even more significant visit, from the point of view of its constructive suggestion, than was anticipated at that time.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: It turned out to be a political gaucherie.

Mr. Martin (Essex East): My right hon. friend says it turned out to be a political gaucherie. I am not going to quarrel with my right hon. friend, but I am going to say that in a matter which he himself admits is important and delicate I think he would agree on reflection that the Prime Minister, with his experience in these matters, made a very valuable suggestion that was greatly appreciated by the President and which has been emulated by some of the most important men in governments of countries all over the world.

Mr. Diefenbaker: Could we get a blow by blow description of what the President of the United States said to the Prime Minister of Canada in this regard?

Mr. Pearson: Mr. Speaker, I would just like to say in answer to that question that I have had two very friendly communications from the President since I made the proposal.

Mr. Diefenbaker: What did he say that day?

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I would like to ask the Prime Minister a supplementary question. To avoid any more of these episodes, what my hon. friend from Port Arthur calls "these Berchtesgadens," I would like to ask the Prime Minister whether the President has informed him in advance of anything that is going to be said this afternoon at the President's press conference.

Mr. Pearson: No, Mr. Speaker, the President has not told me what he is going to say at his press conference this afternoon.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a supplementary question I want first to ask the Secretary of State for External Affairs if he would not agree that since the House discussed this matter some months ago the situation in Viet Nam has become much more alarming and much more serious, and that another discussion ought to be held in the House fairly soon?

I want to ask a second question which is, has the Canadian Government been consulted about the proposal of the British government and the Government of the U.S.S.R. regarding a conference on Cambodia with a view to such a conference eventually turning its attention to a solution of the Viet Nam situation?

Mr. Martin (Essex East): Mr. Speaker, the proposal was not made by the United Kingdom and the Soviet Union but originally by the Cambodian Government. It was a suggestion that a conference on Cambodia's neutrality and territorial integrity might take place and might be used as an occasion for what are called corridor discussions on the situation in Viet Nam. The Canadian Government would be willing to give support to this proposal, and support has now been assured by the United States, Britain, the Soviet Union and other parties.

However, Prince Sihanouk, who had first suggested the holding of this conference, has since indicated that he would not be willing to have the conference unless it were restricted entirely to a discussion of Cambodian and Viet Nam affairs. There may be certain developments in connection with his observations in this connection; we shall have to wait to see the consequences.

Mr. Douglas: May I ask whether the Government of Canada as a member of the International Truce Commission has been invited to sit in at such a conference in the event it is held?

Mr. Martin (Essex East): Canada has not been invited. This will be a conference made up of the original Geneva powers. However, if the procedure of 1962 were to be followed it could be that the members of the supervisory commission, Canada, Poland and India, might be invited. No such invitation has been put forward as yet.

Mr. Douglas: Would the Minister agree that in view of the responsibilities which Canada accepts as a member of the Truce Commission she ought to make representations asking to be allowed to sit in, since no nation ought to be asked to assume heavy responsibilities without having some voice in laying down the policy under which the commission shall operate?

CANADIAN CONSTITUTION

PROCEDURE TO BE FOLLOWED IN DEALING WITH AMENDMENT METHOD

On the orders of the day:

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, since the hon. Minister of Justice is not present, I would like to ask a question of the right hon. Prime Minister. It stems from the remarks made yesterday by the person who is already mentioned as the next leader of the Quebec Conservatives, namely, Mr. Marcel Faribault.

Speaking about the Canadian constitution, Mr. Faribault said:

> Drawn up for colonies, it is unsuitable for a free people.
>
> Adopted outside of our land, it seems to have been imposed upon us without justifiable reasons.
>
> Amendable at the sole instance of the federal government, it affects the dignity of the provinces and lessens their initiative and their powers.
>
> Written only in the English language, it disregards the dignity and the historical rights of French Canada.

Could the right hon. Prime Minister tell us if the Fulton-Favreau formula will correct this situation?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think I should be asked on the orders of the day to comment on such a large question of historical and constitutional importance. So far as the Fulton-Favreau formula is concerned, I think my hon. friend understands it perfectly well, and we will have an opportunity to discuss it, I hope before long.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, a supplementary question relating to the question just asked. Because of the problems the Federal Government is experiencing regarding jurisdiction and treaty-making powers, and because of the question just asked, does the right hon. Prime Minister not consider the time has now arrived for the setting up of a parliamentary committee to study our written Constitution with a view to obtaining agreement in all parts of Canada on proposed changes and amendments?

I ask this question because of the strong possibility that everybody in Canada recognizes that the Fulton-Favreau proposition will not get through the Quebec House in the foreseeable future. Does this not mean that the time has now come to set up this kind of parliamentary committee? I am sure the Prime Minister would agree with me that it will do a lot to help national unity.

Mr. Pearson: Mr. Speaker, I do not think I should be asked to comment on a question which is purely hypothetical, in the sense that it is based on the hypothetical question of a formula not getting through a particular provincial legislature.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a supplementary question.

[*Text*]

• (2:50 p.m.)

Mr. Diefenbaker: A supplementary question.

Mr. Speaker: Order, please. There are other supplementary questions.

[*Translation*]

Mr. Grégoire: My question is this. Will the present government wait until all provincial legislatures have accepted the Fulton-Favreau formula before it is brought before the federal parliament for adoption?

[*Text*]

Mr. Pearson: Mr. Speaker, I think I have already said that this matter should be dealt with by this House of Commons after it has been dealt with by the provincial legislatures, some of which have already taken action with regard to it.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, what has been the reaction, if any, or the reply given to the government of the Province of Saskatchewan in respect of the resolution approving of the formula, subject to the suggestion that the whole matter should be reviewed by a committee of the House of Commons, where witnesses could be heard and the public given an opportunity of placing its views before the House of Commons; or alternatively that a committee of the Senate be set up with the same powers? What is the answer which the Prime Minister gave to the legislature of Saskatchewan, a government of the same political stripe as the Government of Canada?

Mr. Pearson: Mr. Speaker, we refrain from advising the legislature and the government of Saskatchewan as to how they should deal with this problem. We have received from that government and the legislature a resolution that gives advice as to how we should proceed in this House. Naturally we take into consideration advice from all quarters on important matters like this.

Mr. Diefenbaker: Taking advice is all right; whether you are going to act upon it is the question.

Mr. Eldon M. Woolliams (Bow River): A supplementary question. Before it is considered by the House of Commons, would the Prime Minister consider setting up a parliamentary committee or a committee to look into the legal ramifications of the formula in question?

Mr. Pearson: Well, Mr. Speaker, it has first to be considered by the House of Commons in order for it to be referred to a committee, if that is considered the right procedure.

Mr. Woolliams: A further supplementary question. Would the Prime Minister undertake now to say that once the matter is considered it will be referred to a committee?

Mr. Pearson: I think that is a perfectly reasonable proposal. If the House, after considering the matter, should refer it to a committee that could be considered at the present time a possible procedure.

Inquiries of the Ministry

CANADIAN CONFEDERATION

REPORTED SPEECH BY CANADIAN AMBASSADOR TO FRANCE

On the orders of the day:

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs.

Following a question I put to him last April 13 concerning a speech by His Excellency the Canadian ambassador in Paris, the minister was kind enough to send me a copy of that speech.

I should like to quote a sentence from that speech and ask the minister if it reflects the policy of the government.

> At a time when states and nations seem to be pushed more and more toward centralization by the winds of change, Canada's future is taking shape in an opposite direction, that is toward a federation becoming increasingly loose in some sectors.

I should now like to ask the Secretary of State for External Affairs, who decides what direction the evolution of the Canadian federation will take, what is the sector in which this federation is particularly "loose", and if this reflects the policy of this government?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I have the utmost confidence in our ambassador in Paris, but I would like to examine the speech in question carefully before answering the hon. member.

On the other hand, the purpose of this statement is clear enough and does not seem to warrant further justification.

Mr. Lambert: Mr. Speaker, a supplementary question.

I should like to remind the Secretary of State for External Affairs that he gave the following answer on April 13, in reply to my first question.

He said:

[*Text*]

> I have seen the report and I have also examined the actual text. The Ambassador was incorrectly reported.

[*Translation*]

Mr. Speaker, I suggest it is inconceivable that the minister should tell us at this time that he did not study the text. Therefore, I am asking him to explain the meaning of the words of His Excellency and to tell us whether that represents the views and opinions of the government.

Mr. Martin (Essex East): Mr. Speaker, the hon. member is right; I answered to that effect, for I had actually read the text. But I read it a few weeks ago and as we are dealing here with a very important matter and as a responsible minister I should like to have the opportunity to re-examine the situation.

Mr. Lambert: May I ask the Secretary of State for External Affairs to do this work at home tonight, so that we may have an answer tomorrow?

Mr. Martin (Essex East): I shall not be here tonight.

[*Text*]

Mr. Grafftey: Mr. Speaker, I have a supplementary question. Does the Minister not feel that this—

Mr. Speaker: Order, please. I recognize the hon. Member for Calgary North.

Mr. Grafftey: I have a supplementary question, Mr. Speaker.

Mr. Speaker: Order, please. The Chair is under the impression that the matter has been fully discussed and that the Minister has agreed to re-read the speech and make a reply later. It appeared to the Chair that the hon. Member was about to argue the question rather than ask a supplementary question.

Mr. Grafftey: No, I was about to ask a question.

Hon. Michael Starr (Ontario): Mr. Speaker, on a point of order, the hon. Member who asked the original question was allowed to ask a supplementary question, following which the hon. Member for Brome-Missisquoi proposed to ask a second supplementary question which was not of an argumentative nature. I submit it is his privilege to do, and that he should be allowed to do so in a sensible way.

Mr. Grafftey: The question was not even heard.

EXTERNAL AFFAIRS

MAKING OF AGREEMENTS BETWEEN PROVINCES AND FOREIGN STATES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask the Secretary of State for External Affairs a question in connection with the agreement made between the Province of Quebec and the Government

of France to which reference was made yesterday. Is the Minister now in a position to answer the questions I asked yesterday and outline the sequence of events relating to this whole matter? Can the Minister indicate particularly who initiated and carried on negotiations in regard to this agreement, what documents the Province signed and when they were signed; what documents, if any the Federal Government signed and when they were signed? These are all matters which the Prime Minister said should be made public.

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thought we had dealt with this matter yesterday, but so there can be no question in this regard I should like to simply indicate that well before the accord between the Governments of Quebec and France was executed in February of 1965 three way discussions took place among the officials of the Canadian, French and Quebec Governments with a view to working out a procedure by which the arrangements which Quebec wished to enter into with the competent French authorities could have international effect.

The approach agreed upon on all sides was that the Canadian and French Governments would grant their formal assent to or concurrence in the arrangements, and that this would be done by an exchange of notes between representatives of the Federal Government and of France. The exchange of notes was a type of umbrella agreement between the two Governments under which international effect was given to an arrangement which otherwise would have had no standing in international law.

The agreement was signed by Quebec with France in Paris on February 27. By prearrangement an exchange of notes took place on the same day between the French chargé d'affaires here in Ottawa and myself. In this exchange of notes between the representative of France and myself, the Canadian Government concurred in—that is, gave its assent to the agreement between France and Quebec.

Mr. Grafftey: I have a supplementary question.

Mr. Diefenbaker: That is not what Mr. Lesage says.

Mr. Harkness: I have a supplementary question. The one thing the Minister did not make clear is who initiated these discussions, who carried on the negotiations, and whether they were carried on by the Province of Quebec without the knowledge of the Government of Canada, at least in the beginning.

Mr. Martin (Essex East): Mr. Speaker, I have already indicated, as I indicated yesterday, that this was done with the knowledge of the Government of Canada. The Province of Quebec has had cultural but informal arrangements, not executed by formal documents for some time, and it was decided this year in conformity with the practice of certain other provincial Governments that Quebec would like to formalize them. After discussions with us and with the French Government the arrangement which I have outlined was entered into.

• (3:00 p.m.)

Mr. Harkness: I think the Minister has not made clear as yet when the Government of Canada became aware of these negotiations. He said they were aware of them, but at what time they were aware he has not said.

Mr. Martin (Essex East): I was aware of them, I would say, last summer. As I mentioned yesterday, there was a discussion with the French Foreign Minister last December, and the agreements were not formalized until February, 1965.

Mr. Heward Grafftey (Brome-Missisquoi): May I ask a supplementary question, and I ask this sincerely, in a non-partisan sense. Have the difficulties regarding treaty making powers in which the Minister finds himself not convinced him and the other members of the Cabinet that the time has come when there should be a national conference in Canada to modernize our Constitution, so that in all parts of this nation we can have agreement on a modern Constitution that is suited to modern times? The urgency of this supplementary question is based on the difficulties the Minister is now experiencing.

Mr. Martin (Essex East): I know my hon. friend's question is a very sincere one, but it has already been long since answered by the Prime Minister.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a supplementary question for the Secretary of State for External Affairs.

Does he intend to have the Canadian constitution amended to allow the provinces to conclude, in the future, international treaties in fields within their exclusive jurisdiction under the terms of the British North America Act?

Inquiries of the Ministry

Mr. Martin (Essex East): Mr. Speaker, I answered that question and I have nothing to add.

[*Text*]

PUBLIC SERVICE

POLITICAL ACTIVITIES OF NATIONAL REVENUE CLERK IN HAMILTON, ONT.

On the orders of the day:

Hon. E. J. Benson (Minister of National Revenue): Yesterday the hon. Member for Hamilton South asked a question with respect to a certain Mr. Beattie, an admitted Nazi, who has been described in several newspaper stories as a customs clerk. I should like to assure him and the House that this man is not now and never has been an employee of the Department of National Revenue.

FINANCE

REQUEST FOR INVESTIGATION INTO BANKRUPTCY OF TORONTO ADVERTISING COMPANY

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): I have a question for the Minister of Justice, but perhaps in his absence I can direct it to the Prime Minister. Is the Government investigating the circumstances surrounding the bankruptcy of Walsh Advertising Company Limited, Toronto, which carried among other Government accounts the Canadian Army recruiting program?

Right Hon. L. B. Pearson (Prime Minister): I do not know the answer, Mr. Speaker, but I will try to find out.

Mr. Eric A. Winkler (Grey-Bruce): At the same time I should like to ask the Prime Minister to consider some compensation for the 581 creditors of that company, mainly in the fields of radio and newspaper, whose claims now total in excess of half a million dollars.

Mr. Aiken: I have a further supplementary question. Will the Prime Minister find out whether the Government checked the credit rating of this company before engaging it to deal with the public on behalf of the Government of Canada?

Mr. Pearson: I will make that part of the inquiry.

[Mr. Grégoire.]

CANADIAN CENTENNIAL

USE OF MATCHING GRANTS FOR PROVISION OF HOSPITAL FACILITIES

On the orders of the day:

Mr. Ralph Cowan (York-Humber): I have a question which I should like to address to the Acting Secretary of State. Would he advise this House if Canadian municipalities may direct the matching grants under the commemoration of the Centennial of Confederation plans toward additions to presently established hospitals or toward the construction of new hospital facilities?

Mr. Speaker: I think that is a question for the Order Paper.

NATIONAL DEFENCE

INQUIRY AS TO PROCUREMENT OF NEW TACTICAL AIRCRAFT

On the orders of the day:

Hon. D. S. Harkness (Calgary North): I wish to put a question to the Minister of Defence. Can the Minister inform the House what replacement fighter, fighter bomber or army support aircraft has been selected for the R.C.A.F.?

Hon. Paul Hellyer (Minister of National Defence): The decision has not yet been taken.

NOVA SCOTIA—CHANGE IN LOCATION OF TRANSMITTING FACILITIES

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of National Defence. Is the Minister contemplating moving the transmitting facilities at Albro Lake, Dartmouth, to Mill Cove, Lunenburg County, along with the married personnel of that establishment?

Some hon. Members: Order.

Mr. Crouse: I ask this question because of the urgency of the Chester Municipal School Board having to provide new educational facilities in the area without delay—

Mr. Speaker: Order. It does seem to me that a detailed reply would be received if the question were put on the order paper.

FORESTRY

REMOVAL OF DEPARTMENTAL LABORATORIES TO SAULT STE. MARIE

On the orders of the day:

Hon. Michael Starr (Ontario): I should like to address a question to the Minister of For-

estry. In view of the use made by many furniture and lumber companies in and around the Toronto area of the services of the laboratory on forest pathology which is located near Maple, Ontario, would the Minister advise this House, and assure these people, as to the plans the Government has in respect of this laboratory? In other words, are the plans still in effect to move it to Sault Ste. Marie, or have the plans been changed so that it may remain in this strategic location?

Hon. Maurice Sauvé (Minister of Forestry): Mr. Speaker, there is one officer of the department who has relations with all these firms in the region, and he would still have them no matter what the plans may be.

Mr. Starr: Has the Minister arrived at any plans yet as to the removal of this laboratory from near Maple?

Mr. Sauvé: No research is done at this laboratory. All the work for these people is done here in Ottawa.

Mr. Starr: That is not the question. Is the Government going to leave the laboratory there or is it not?

Mr. Sauvé: We are considering this now.

SHIPPING

ST. LAWRENCE—REPORTED STATEMENTS RESPECTING ACCIDENTS

On the orders of the day:

Mr. Frank Howard (Skeena): I should like to direct a question to the Minister of Transport. Has his attention been drawn to a statement by Mr. McLagan, President of Canada Steamship Lines, to the effect that the reason for accidents in the St. Lawrence and the seaway is that ships are overcrowded with men? Would the Minister undertake to look into this question to see whether or not this is the reason for accidents on the seaway?

Hon. J. W. Pickersgill (Minister of Transport): My attention has not been drawn to that matter, but perhaps I could answer the question asked by the hon. Member yesterday in my absence. The accident to which he referred is being thoroughly investigated, as all accidents are. The preliminary report I had was that it was the kind of accident which would really have nothing whatever to do with the condition of the waterway, but was an accident that might well have happened on the high seas.

Mr. Howard: May I ask a supplementary question. Will there be a public report of this investigation into the accident which befell the S.S. *Northcliffe Hall*?

Mr. Pickersgill: In the normal course I would not see any objection to it, unless the report contained information which might lead to some action in the courts or prejudice someone in some way. I will look into the matter and give a definitive answer later.

• (3:10 p.m.)

AGRICULTURE

REQUEST FOR ANNOUNCEMENT OF DETAILS OF DAIRY POLICY

On the orders of the day:

[*Translation*]

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, I wanted to put a question to the Minister of Agriculture but in his absence I shall address myself to the Minister of Forestry. Since the minister wishes to look after the interests of eastern farmers, he will surely be anxious to answer the question.

In view of the anxiety shown by the producers of manufactured milk following the government's delay in announcing its policy in that connection, as borne out by the telegram I received today from the "Fédération de l'UCC" of the diocese of Nicolet, the major manufactured milk producing area, could the minister tell us whether the administrative details of that new policy which will become effective within a few days, that is on May 1, will be announced today, tomorrow or in the near future?

Hon. Maurice Sauvé (Minister of Forestry): Mr. Speaker, those particulars will certainly not be announced today in the absence of the minister.

Mr. Vincent: Could the minister tell us whether those particulars will be announced tomorrow, since there are only a few days left?

Mr. Sauvé: Mr. Speaker, I can understand the interest of the hon. member in this policy and, if possible an announcement will be made tomorrow or in the next few days.

[*Text*]

GOVERNMENT PURCHASE AND REDEVELOPMENT OF FARM LANDS

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I would like to direct a question to the Minister of Forestry in charge of ARDA, concerning a proposal that was made by the

Minister of Agriculture on April 13. To refresh his memory I will read the proposal:

I think the Federal and Provincial Governments in Canada will have to consider very soon a comprehensive national program for government purchase and redevelopment of such lands into economic family farm units, which can be sold or leased back to private individuals who can then expect to make a decent living on them.

This question refers to poorly used lands, and my question is this. Is this program going to be carried out under ARDA or under the Department of Agriculture?

Hon. Maurice Sauvé (Minister of Forestry): Under certain aspects of the ARDA agreement it can be carried out under ARDA, but I think this would be a new policy devised by the Department of Agriculture.

LABOUR RELATIONS

MARITIME UNION TRUSTEES—REQUEST FOR CONTINUANCE OF COMMITTEE CONSIDERATION

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I would like to direct a question to the Minister of Labour and ask him whether the government has yet given any consideration to re-establishing the Industrial Relations Committee, so the work of that committee on the report of the maritime trustees can be completed.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, no decision has yet been reached on this question. As soon as it has been I shall be glad to communicate it to the House.

OLD AGE SECURITY

REQUEST FOR INCREASE IN AMOUNT OF PENSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. In view of the indication given last night by the Minister of Finance that the Old Age Security fund had a $64 million surplus last year and will have a $240 million surplus this year, will the Government consider placing a measure before Parliament to use some of this surplus to increase the pension paid under the Old Age Security Act?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think I can add anything at the moment to what I have already said on this matter.

[Mr. Hamilton.]

Mr. Knowles: As a supplementary question, Mr. Speaker, will the Government consider the matter, and in particular will it consider the right of our senior citizens to share in what the Minister of Finance referred to last night as a booming economy?

Mr. Pearson: Mr. Speaker, I hope all senior citizens will be able to share in this booming economy.

Mr. Knowles: It is up to you.

CANADIAN PACIFIC RAILWAY

INQUIRY AS TO PROSPECTIVE CHANGES IN PASSENGER SERVICE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the Minister of Transport whether he sought or received any statement from the C.P.R. management regarding its position in the next year or two with regard to passenger service. I ask the question not only because of the legislation which we assume the Minister will bring down to deal with subsidies, but also because of the widespread representations by western cities which are discontented with the policies of the C.P.R.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am afraid I did not hear the verb in the hon. gentleman's question.

Mr. Fisher: I asked if the Minister had sought or received any policy statement from C.P.R. management regarding the passenger service to be provided by that company in the next few years.

Mr. Pickersgill: I have neither sought nor received any, but in view of the hon. gentleman's interest I will seek one and see what the C.P.R. has to say about it.

Mr. H. W. Herridge (Kootenay West): As a supplementary question, in view of the fact that I asked a similar question a month ago why wouldn't the Minister be as obliging to me and say he would ask for information?

Mr. Pickersgill: I will be glad to play hide and seek with the hon. gentleman too.

Some hon. Members: Mostly hide.

Mr. Knowles: Hyde and Jekyll.

HOUSE OF COMMONS

REPORTED RESTRICTION ON APPLICATIONS FOR POSITIONS

• (3:20 p.m.)

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): I have a question for the Prime Minister. Does the Prime Minister agree that job opportunities within the House of Commons should be restricted to the Ottawa area and denied to the rest of the citizens of Canada?

Right Hon. L. B. Pearson (Prime Minister): I regret that I am at a loss to understand the hon. gentleman's question.

Mr. MacInnis: Perhaps in order to explain my question fully to the Prime Minister I might be permitted to call his attention to an application form recently circulated. Applicants are to apply to the Chief of Personnel in the West Block, but only employees of the House of Commons and employees of the Public Service of Canada in the Ottawa area are entitled to apply for these jobs within the House of Commons. Does the Prime Minister agree with the imposition of these restrictions?

Mr. Pearson: I would have to look into this question. It is a matter which I think concerns the Speaker of the House and the Internal Economy Commission, but I would be glad to look into it.

Mr. MacInnis: Does the Prime Minister not think that such a policy concerns also himself and the Government?

Mr. Speaker: Order, please. It does seem to me that the hon. Member could have taken this up with the Chair at the appropriate time. I am not aware of what he is talking about but I will certainly look into it.

Mr. MacInnis: I did not send out the circular.

AIR CANADA

WINNIPEG MAINTENANCE BASE—TRANSFER OF EMPLOYEES TO MONTREAL

On the orders of the day:

Hon. Gordon Churchill (Winnipeg South Centre): I should like to ask the Minister of Transport a question regarding the Air Canada overhaul and maintenance base in Winnipeg. Would the Minister arrange to have all transfers of personnel at that base from Winnipeg to Montreal postponed until the Thompson inquiry has been completed and the Government has announced its policy concerning the base?

Hon. J. W. Pickersgill (Minister of Transport): I think the hon. gentleman, who was a Member of the administration some time ago, knows it was not the policy of the Government to which he belonged, nor is it the policy of the present Government, to intervene directly in the internal affairs of Air Canada. I have given the House certain answers to this question previously. I will look into any new circumstances which may have arisen, but unless new circumstances have arisen the answer I gave on previous occasions still stands.

Mr. Stanley Knowles (Winnipeg North Centre): Does the Minister not feel that the commitment given by the Government in the early part of 1964, one in which I believe Air Canada concurred, should be honoured, and that during the lifetime of that commitment there should be no such transfers?

Mr. Pickersgill: The hon. gentleman's question seemed to contain at least three negatives and would require a lot of analysis. Up to the present time, to the best of my knowledge the undertaking given to the Government by Air Canada has been honoured, namely that except in regard to persons transferred pursuant to the collective agreements, which were not to be interfered with, there would be no transfers.

Mr. Knowles: Was not the agreement to which the Minister refers an agreement which was entered into a month after the Government's commitment was made? Should not that commitment be honoured in all respects?

Mr. Pickersgill: I do not think the hon. gentleman's assertion is correct.

Mr. Knowles: In view of the unsatisfactory nature of the answer given by the Minister of Transport I give notice that I will raise this matter at ten o'clock.

UNEMPLOYMENT INSURANCE

INQUIRY AS TO EXTENSION TO FARM LABOURERS

On the orders of the day:

Mr. S. J. Enns (Portage-Neepawa): I had intended to ask a question about Air Canada policy, but since two previous questioners have phrased it very well I should like instead to direct a question to the Minister of Labour. It has to do with representations received from the Manitoba Legislature by

way of a resolution recommending the extension of unemployment insurance benefits to farm labourers. I would ask the Minister whether the Government has any intention to extend such benefits to this class of worker during the current year.

Hon. A. J. MacEachen (Minister of Labour): This is a matter which is under consideration. As indicated in the Speech from the Throne, one of the items to be dealt with this session is the Unemployment Insurance Act and amendments thereto. This should provide an opportunity to consider the particular matter which the hon. Member has raised.

FISHERIES

POSTPONEMENT OF OPENING OF LOBSTER SEASON

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I have a question for the Minister of Fisheries. I know he has been in contact with the hon. Member for Antigonish-Guysborough, who perhaps has told him what this is about. I wonder whether the Minister has received any submissions from District 7B, which includes parts of Nova Scotia and Prince Edward Island, regarding a possible postponement of the opening of the lobster season from May 1 and, if so, whether he has made any decision in this regard.

Hon. H. J. Robichaud (Minister of Fisheries): Yes, earlier this week I did receive representations from fishermen, lobster buyers and others asking that the opening of the lobster season in District 7B be postponed because of severe ice conditions along the coast. I immediately ordered an aerial survey of the area. Following the receipt of a report, which reached me at two o'clock yesterday afternoon I announced that the opening of the season would be postponed in District 7B until May 7 and, in addition, that lobster fishermen in that district would be allowed to continue to fish until July 7 to compensate them for time lost in the early part of the year.

DEFENCE PRODUCTION

CENTRAL AGENCY FOR PURCHASE OF GOVERNMENT AUTOMOBILES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Yesterday I addressed a question to the President of the Privy Council in the absence of the Minister of Industry. Maybe the Minister of Industry could answer it today. Is it the intention of the Government to set up a central purchasing system in respect of all non-military cars used by the Federal Government?

Hon. C. M. Drury (Minister of Industry): Yes, Mr. Speaker.

Mr. Hales: What provision will be made for the servicing of those cars and the resale of the trade-ins under this arrangement?

Mr. Drury: The details should probably not be given on the orders of the day, but if the hon. Member will put this question on the order paper I will see that he gets an answer.

Mr. S. J. Enns (Portage-Neepawa): Would this arrangement continue to permit dealers throughout the country to submit tenders?

Mr. Drury: It is my intention in the not too distant future to meet with representatives of the dealers to discuss these problems with them.

Mr. J. E. Pascoe (Moose Jaw-Lake Centre): Did the Minister meet with representatives of the Automobile Dealers Association yesterday, and did he make any statement to them?

Mr. Drury: No, Mr. Speaker, I did not.

Mr. Hales: I should like to debate this question at 10.30.

• (3:30 p.m.)

THE SENATE

ESTABLISHMENT OF RETIREMENT AGE FOR SENATORS

The House resumed, from Monday, April 26, consideration in Committee of the following resolution—Mr. McIlraith—Mr. Lamoureux in the Chair:

That it is expedient to introduce a measure to provide for the retirement, upon attaining the age of seventy-five years, of any person appointed to the Senate after the coming into force of the said measure; to extend the provision of the Members of Parliament Retiring Allowances Act to such persons; to provide for the granting of an annuity to any person appointed to the Senate before the coming into force of the said measure who resigns his place in the Senate after having attained the age of seventy-five years or having become afflicted with a permanent infirmity disabling him from the performance of his duties; and to provide further for the granting of an annuity to the widow of a person who was granted such an annuity upon resigning his place in the Senate.

Mr. Nesbitt: Mr. Chairman, I think most Members of the House were very interested to see the resolution on this matter brought

before Parliament at this time. It is something that has been in the minds of many Members of this House for a long time, I think, and we are very glad to see that we now have an opportunity to discuss the matter. I think the Government's proposal, as we understand it, is very good as far as it goes; but it does not go very far. In fact, to say it is taking a giant step slowly would be an underestimate as to the length to which this measure will take us. However, Mr. Chairman, even a small step is perhaps better than no step at all.

Since the purpose of the resolution stage, as I understand it, is that the Government may get ideas from Members in all parts of the House on these subjects, I believe now is the time for those of us who are interested in this matter to put forward some of our suggestions. As I say, because the Government's proposal, as we now understand it, is very limited and we know its general nature, I would hope that the Government would take cognizance of some proposals that have been made and others that probably will be made in the next short while and perhaps amend the bills or revise them when they appear before us.

First of all, Mr. Chairman, I would like to touch on the suggestion that was made yesterday by the Leader of the Opposition, which the Prime Minister seemed to be taking into very careful consideration; that is, the suggestion that the Government should appoint perhaps more Members to the Cabinet from the other place. I think this is an extremely good suggestion, for one particular reason. We have heard many discussions in Canada, and occasionally in this House, concerning the advantages of the United States cabinet or executive system over the Canadian system. In our system, as we all know here, every Government in the past has consisted of Members of the House that is to say, the Prime Minister has picked the Members of the Cabinet from those elected Members of this House who sit on the Government side. We also all know that because by custom every region and Province in Canada must be represented—and there are also other considerations, seniority in political parties, some religious considerations and other things—the eventual choice that a Prime Minister has in selecting his Cabinet is really very limited indeed. One of the great criticisms of our system of Cabinet Government is that the Prime Minister is so limited in his choice of Cabinet Ministers that a great deal of talent that he might otherwise be able to employ in his Cabinet often goes to waste or cannot be called upon at all.

The suggestion made by the Leader of the Opposition was that more Members of the Cabinet should be appointed from the Senate —perhaps two or three; I do not think one should go too far in this matter, otherwise we would perhaps destroy the whole principle of responsible government. This would enable the Prime Minister to recommend to His Excellency that perhaps two or three very highly qualified, outstanding Canadians be appointed to the other place, and then the Prime Minister could call them into his Cabinet. Thus we would have some of the advantages of the United States cabinet system in that some of the very ablest people in the country could in effect be called upon by any Prime Minister to serve in his Cabinet. This is something, of course, that the Americans have done, their whole constitutional system being quite different from ours; but they have had this advantage for very many years, and we have not.

If this suggestion were accepted by the Government it would enable the Government to call upon some of the ablest people in Canada to serve with the Government regardless, perhaps, of the political persuasion they might have. For this reason I think the suggestion made yesterday by the Leader of the Opposition—and I noticed that the Prime Minister was paying particular attention to it—should be given much more careful and further consideration by the Government.

There is another suggestion concerning the other place which many people have made in this country. While under present conditions there has been from time to time criticism of the other place and its function, perhaps the other place, unlike the suggestion of the hon. Member for Winnipeg North Centre, might not be abolished but could be improved. I would like to suggest that perhaps the whole system of appointments to the other place might be changed. Instead of being based on the recommendations of the Prime Minister to His Excellency, the Provinces should be able to appoint certain Members to the other place.

This would have a great many advantages. First of all, one of the reasons given for having the other place at all is to provide regional and provincial representation, to ensure this in our system of government. As we know, in recent years we have had a number of political parties, other than the two principal ones in the country, which

have formed governments; in British Columbia, Alberta and until recently in Saskatchewan. These are very considerable segments of political thought, whether or not one agrees with them. The fact of the matter is, as we all know, that these political parties have no representation in the other place.

If Provinces were able to recommend appointments to the Senate, then some of the political groups which have had no representation there up to now might be afforded some representation in the other place. There are those perhaps who might not agree with this suggestion, but certainly in the Province of Alberta one political party in particular has been there for a very long time and may well remain there for some time to come. It would seem reasonable that this Party might be afforded, on a regional basis, some representation in the other place. It may well be that in future years other political parties may arise in the country, and if they do in fact attract a considerable segment of public support they likewise should have some form of representation.

• (3:40 p.m.)

It has been suggested on different occasions that the other place should be an elected body, as it is in Australia, for example or, more closely to us, as it is in the United States. I do not know whether that is an entirely good suggestion, but it is something that might be considered. I am not sure that it is a good idea; as a matter of fact I believe there are certain advantages to making appointments, which I will come to in a minute. I know that the hon. Member for Winnipeg North Centre and the party he represents, as he indicated in his remarks yesterday, are of course quite anxious to see the other place abolished. He based his argument on the premise that in a democracy it was not democratic to have non-elected bodies forming part of the Government; that was what I understood his argument to be. I believe he went further, not only in this debate but in similar debates—redistribution and the like—and propounded the theory that for every individual there should be one vote, and that democracy should rely entirely upon that basis. I am afraid I cannot agree with the hon. Member for Winnipeg North Centre in that particular regard.

Let me say that I agree that the principle of elective representation is the main principle which should be considered in setting up any kind of democratic government. But other principles are also involved which have been set forth by those who have studied political systems from the days of Plato right down to the present time. If you allow a government to be composed of a simple majority, many minorities will be ignored. It is just as easy to have tyranny in a majority government as tyranny in many other ways. For reasons which I have mentioned this is so particularly in Canada, where you have a very large area with different segments forming the country, such as the far western provinces, the Maritime provinces and the two major central provinces. This leads to different political parties forming the provincial governments, each with a different kind of political thinking.

In a country like Canada, for reasons I have already pointed out, due to the way in which our system works in practice it may not be possible to have representation in the other place of those who are not members of the two principal parties; and this has been the case up to the present time. Nevertheless, as long as other political parties do exist in the country, even though they may be on a provincial basis only, it seems only reasonable, if the theory of the Canadian constitution is to work, that they should have representation in the other place.

The only way in which this would be practical at the present time, Mr. Chairman, under the present set-up is through a system of appointments rather than establishing an elective basis. Although it might conceivably be possible to establish some form of electoral basis, since a number of political parties other than the two main ones frequently come into provincial areas it might be better to have some system of provincial political appointments to the other place which would perhaps get around the difficulty which we are facing at the present time.

While the powers of the other place are very great, it is true that in practice they are seldom exercised. Certainly in this century and even during the last century they have been seldom used, but the other place does have a great deal of power of which a lot of people in the country are not aware.

Mr. Knowles: They used the veto in 1926 on pensions.

Mr. Nesbitt: My hon. friend from Winnipeg North Centre reminds me that they did use their veto power in 1926 with regard to old age pensions, but as I say this power has been seldom used. I am not suggesting that it should be used, but if the other place was constituted on a different basis than the

present one I think they would with some conscience exercise more of their powers.

As I have already said, I suggest there are two or three ways in which a change could be effected; first of all, by having a number of members in the other place selected or recommended to His Excellency on a provincial basis, which I think would greatly improve the situation. Second, consideration might be given to the possibility of an elected upper house, and I should like to hear other points of view on this question. Third, there is the suggestion made by the Leader of the Opposition yesterday that greater use be made of members of the other place in the Cabinet which, on the basis I suggested this afternoon, in effect would bring many of the advantages of the United States cabinet system to Canada without destroying any of our traditions. Thus we could, perhaps, have the best of two worlds. I hope the Government may give consideration to these suggestions, Mr. Chairman.

Mr. Fisher: Mr. Chairman, I have always considered the Senate had four functions, the chief of which was to take care of members of this House whom the Government in power wished to switch in order to open up opportunities. Its second major function was to tie in with the party money raising apparatus, appointing those who have recently been called party bagmen, or other people who have devoted long years of service to the party, to that chamber. Then third, and getting closer to the real intention when the Senate was created, it is supposed to represent in a general way regional interests. Fourth, the Senate was to be a chamber for sober second review.

Hon. Members of the Official Opposition have tended to stress in their speeches that some of the force or power behind our arguments against the Senate and for the abolition of the Senate has been really occasioned by the fact that we have not had an opportunity to receive Senate appointments and therefore there is this almost childish argument of "If we had had the chance to get on the draft it would certainly affect our views". I do not know the answer to that particular argument, but my personal feeling, having discussed the matter with my colleagues, is that I do not think that is so. The very fact that there has been such strong emphasis placed by the two major political parties for 40 years, particularly by the Liberal Party, on parliamentary reform of the Senate indicates that although we feel that even reform of the Senate is not good enough and that abolition is the answer, there is more than just self-righteousness, or the feeling of being unable to take part in the activities of that chamber, behind the attitude of this Party.

I want to put on record, Mr. Chairman, most of an article which appeared in the Toronto *Star* of November 17 by Peter C. Newman, the *Star's* Ottawa editor, a man who, to say the least, has considerable respect for the man who heads this Government, the present Prime Minister. Mr. Newman says:

> From time to time, Lester Pearson has talked of introducing to Canada a "new politics", with himself as the embodiment of the new kind of politician, willing to subordinate selfish partisan impulses to higher ideals.
>
> Pearson's admirers, when questioned about the substance of the "new politics," contend that it can't be applied in a vacuum, that the style and ethics of this minority Parliament are being set, not by Lester Pearson but by John Diefenbaker who's practising a very old, shabby kind of politics.
>
> But there are some things which remain purely the prerogative of the Prime Minister, even in minority parliaments, and it is in these jurisdictions that Pearson's "new politics" can be properly put to the litmus test. One such arena of personal decision is the appointment of Senators.
>
> Last week, Pearson elevated to the Senate John Black Aird, a wealthy Toronto lawyer, under somewhat unusual circumstances. On Sept. 20, at a press conference in St. John's Nfld., the Prime Minister had been asked whether he intended to fill any of the four existing Senate vacancies, including one from Newfoundland.
>
> His answer, unlike most of his off-the-cuff replies, was unequivocal and firm: There would be no further appointments until the Senate reform bill, now on the Commons Order Paper, becomes law. Just 51 days later, Aird became a Senator.
>
> His appointment raised another, less public issue as well. Party leaders rarely commit themselves in advance on such delicate matters as Senate appointments. But during the 1963 campaign, Pearson informed his inner circle that one man he definitely intended to make a Senator was Prof. Frank Underhill, the patron saint of Canadian liberalism...
>
> Underhill has never been in active politics, but he was keynote speaker at the Liberals' Kingston conference in 1960 and has, ever since they were history professors together at the University of Toronto, maintained an unabashed admiration for Pearson and all his works.
>
> The appointment of Aird closed off the only Ontario vacancy in the Senate. On the same day that Aird—a Toronto millionaire who celebrated his forty-first birthday last May—became a Senator, Prof. Underhill, now 75 and not in the best of health, was trundling his files into a small cubicle at Ottawa's Carleton University where he has recently begun teaching again.

• (3:50 p.m.)

The pattern of Pearson's nine Senate appointments to date is not difficult to follow.

John Black Aird—41, born in Toronto and educated at Upper Canada College and Osgoode Hall, he is a partner in the law firm of Edison, Aird and

Berlis, director of 17 large corporations including the Bank of Nova Scotia.

Mr. Aird is fund-raiser-in-chief for the Liberal party of Canada.

The next one is:

Daniel A. Lang—45, born in Toronto, educated at Upper Canada College and Osgoode Hall law school, has, since 1947, been a partner in the law firm of Lang, Michener, Cranston and Renwick. He's chairman of the board of Canada Coal Corp., president of Junior Frood Mines Ltd. and a director of several other firms.

Mr. Lang was campaign chairman for the Liberal party in Ontario during the 1962 and 1963 elections.

Then we come to the next one:

Nelson Rattenbury—55, born in Charlottetown, has since 1945 lived in Saint John, N.B., and from there manages extensive business interests in the Atlantic provinces, including the presidency of Industrial Insulators Ltd., and D. A. Cummings Ltd. of Halifax.

Mr. Rattenbury is chief fund raiser for the Liberal party in the Province of New Brunswick.

Now we come to the next one:

Eric Cook—55, born in St. John's, Nfld., educated at Bishop Field College, he is partner in the law firm of Cook, Bartless and Marshall and chairman of the board of the Avalon Telephone Co. as well as a director of several large concerns, including the Bank of Montreal.

Mr. Cook is president of the Newfoundland Liberal Association.

Then we come to the next one:

Duncan MacTavish—64 when killed in an auto accident on Nov. 15, 1963, five months after his appointment. He had been a leading Ottawa lawyer and director of 29 companies.

Mr. MacTavish was president of the National Liberal Federation from 1952 to 1958.

Now we come to the really prize specimen:

Louis P. Gélinas—62, born in Montreal and a graduate of the University of Montreal, he is a partner in Geoffrion, Robert, Gélinas and a director of 13 large corporations.

Mr. Gélinas is chief fund raiser for the Liberal party in the Province of Quebec.

I might add that he appeared before the Rivard inquiry, and I gather there was an astonishing scene at the time he was asked whether he knew one of the witnesses, Mr. Masson, who had apparently been a Liberal organizer. Mr. Gélinas turned his eyes up to the ceiling and in all innocence said that he did not. We all know that one of the charges being investigated by the Rivard inquiry was to the effect that some $50,000 was going to be earmarked for Liberal party funds, or that this was a contribution that Mrs. Rivard was going to make.

Mr. Mackasey: Mr. Chairman, will the hon. Member permit a question?

The Chairman: Order, please. Before the hon. Member asks his question, let me suggest to the hon. Member for Port Arthur that he is now discussing a matter which in my opinion is sub judice and should not be gone into at this time.

Mr. Fisher: On a point of order, Mr. Chairman, I disagree with you completely, thoroughly and heatedly that this matter and the evidence is sub judice, in view of the fact that the Prime Minister and the Minister of Justice have bandied letters back and forth with the Judge of that inquiry. If you insist that I can not discuss this point because in your interpretation this is sub judice I am afraid I have only one alternative, and that is to challenge your ruling.

The Chairman: I am sure the hon. Member will realize that it is the duty of the Chair to remind hon. Members of the rules of this House, and certainly there is a long standing rule to this effect, that no Member has the right to discuss a matter which is currently under judicial consideration. If there is any matter now under judicial consideration it is that one, particularly in view of the fact that a judgment is expected to be made by a Justice of the Province of Quebec. I am serving this committee, not directing its proceedings, and I have expressed the opinion that the hon. Member should exercise a great deal of discretion in discussing this matter which I again submit is now the subject of judicial consideration.

Mr. Fisher: Mr. Chairman, again on the point of order, let me assure you that I am not making any comment about Judge Dorion or about what his decisions may be. I would like to do so but I am apprehensive. I am referring to a man who appeared before that judicial inquiry, namely Senator Gélinas. Surely I can do that, and surely I can refer to the fact reference was made during the inquiry to some $50,000 which was going to go to the Liberal Party fund.

Some hon. Members: No, no.

The Chairman: I believe the hon. Member for Pontiac-Témiscamingue wishes to make some contribution to this discussion.

Mr. Martineau: Mr. Chairman, on the point of order let me state that the hon. Member for Port Arthur is referring to something which is pertinent to this debate and to the necessity or otherwise of reforming the Senate. It is very important to remember that only incidental to this discussion did he mention testimony given before the Dorion inquiry, and that he has not been discussing the merits of that testimony in any way. He

has referred to it as an example of the type of appointments which are being made to the Senate. In my opinion in doing so he is perfectly in order.

The Chairman: As I said a moment ago, it is not my intention to precipitate a crisis at this time. The hon. Member for Port Arthur knows the rule probably better than the Chair, and knows how far he may go. I hope he will keep in mind the comments I have made.

Mr. Fisher: Mr. Chairman, on the point of order let me point out that the question before us does not relate to how far I may go. For eight years I have been a student here of the hon. Member for Bonavista-Twillingate, and realize that a person may go a hell of a long way in this place.

Mr. Pickersgill: Mr. Chairman, in view of the fact the hon. Member has raised my name as an authority, or at least in whatever he was trying to do, I hope you will permit me on a question of privilege to defy that hon. Gentleman to find any occasion as recorded in *Hansard* when I repeated, under my immunity in this House, any unsupported tittle-tattle, or anything that was simply gossip or rumour, in circumstances in which I could not be pursued in the courts. I hope I will never do anything of that kind.

Some hon. Members: Hear, hear.

Mr. Pickersgill: There are other jurisdictions where this kind of thing is called McCarthyism, but it does not seem to me that it matters very much where it is done; it is contrary to our conception of British justice.

Mr. Fisher: Mr. Chairman, I appreciate that speech made by the hon. Member for Bonavista-Twillingate, but on the point of order let me say to the hon. Gentleman that I do not have the documentation to which he referred before me, but I think I could find all kinds of examples of this kind in relation to what that hon. Member has done. I would be glad to undertake to look them up.

Mr. Chairman, I am not suggesting how far I can go in this regard. I have only referred to one of the appointments made by Mr. Pearson and the reference in this column to that man as a party fund raiser.

The Chairman: Order, please. Perhaps the hon. Member will at least agree with me that he should refer to the Prime Minister as the Prime Minister.

Mr. Pickersgill: Mr. Chairman, let me remind hon. Members that appointments to the Senate are made by the Crown.

An hon. Member: Let's not be ridiculous.

Mr. Pickersgill: The hon. Gentleman is supposed to have some respect for the constitution.

Mr. Woolliams: Mr. Chairman, in answer to that let me suggest that we should sing God Save the Queen on the occasion of their appointment.

Mr. Fisher: Mr. Chairman, the comment of the hon. Member for Bonavista-Twillingate just dots the "i's" to the insufferable and arrogant character of that genius over there.

Let me return now to this question about Senator Gélinas. Let me put it to the supporters of the Government that the very fact that references were made to Mr. Gélinas during the Rivard inquiry, and that attempts were made by lawyers appearing before that commission to tie Senator Gélinas in with the so-called bribe offer, are indications of how dangerous the present set-up is. This underlines the fact that many people in this country are sceptical about the whole arrangement.

Perhaps I can now return to this article written by Mr. Newman.

Mr. Mackasey: Mr. Chairman, perhaps I might now be allowed to ask the question I intended to ask when I was interrupted by the point of order. The hon. Member suggested that when Senator Gélinas was asked whether or not he knew Mr. Masson he looked to the ceiling and said "No". Did the hon. Member intend to imply that Senator Gélinas committed perjury?

Mr. Fisher: Mr. Chairman, I am not necessarily implying that Mr. Gélinas committed perjury, but it was my impression—and I went to the trouble of checking with a number of individuals who were at that inquiry—that it was sheer nonsense to suggest that he did not know the person mentioned.

Mr. Mackasey: Would you agree that it is your impression that Senator Gélinas committed perjury when asked whether or not he knew Mr. Masson?

• (4:00 p.m.)

Mr. Fisher: I would suggest to the hon. Member, Mr. Chairman, that that will probably be determined by the judge. If it is suggested by the hon. Member for Bonavista-Twillingate that this is McCarthyism, I should like to say that this may be answered by the

fact Senator Gélinas appeared before that inquiry. This, in itself, is enough evidence of the particular situation to which I am referring.

The next appointment referred to, Mr. Chairman, is Maurice Bourget, born at Lauzon, Quebec, educated Commercial Academy, Quebec, and at Ecole Polytechnique of Montreal, civil engineer, member of the Board of Directors of British Newfoundland Corporation, director of several large Canadian corporations. Mr. Bourget was the chief organizer for the Quebec region of the Liberal Party in the last two campaigns.

Then, the next appointment is Romuald Bourque, born in Ottawa and was Mayor of Outremont, Quebec, 1947-63; Liberal, first elected to the House of Commons in 1952. Until he was appointed to the Senate last year his main contribution to the debates in the Commons was his annual speech condemning the use of goofballs. I think we can add also here that the main reason he vacated his Liberal seat in 1963 was so that Maurice Lamontagne could finally get into the Cabinet.

Then, we have another one noted by Mr. Newman when he comments on the brief tenure of Azellus Denis. I do not think we need to make any comments here. I quote from Mr. Newman's article:

> Mr. Denis was elevated to the Senate after his own brief tenure as Postmaster General proved an embarrassment to the Pearson government. Among other things, he allowed a set of post office patronage lists to fall into Tory hands.
>
> To be fair, it should be pointed out that with two exceptions, John Diefenbaker used exactly the same criteria in making the 37 Senate appointments of his stewardship...
>
> Still, Diefenbaker had a reasonably valid excuse for appointing party hacks to the Senate. By the time his party had returned to power after 22 years in the political wilderness, only five Tories, left over from the Bennett era, survived in the red chamber.
>
> Pearson has no such justification. At the time of Aird's appointment, party standings in the Senate were 62 Liberals; 34 Conservatives; 2 Independents and 1 Independent Liberal. There is no longer any question of having to preserve a Liberal majority in the Upper Chamber.
>
> Under the new scale of parliamentary pay, Senators receive an indemnity of $12,000 per year, plus a tax-free expense allowance of $3,000. If the 8 surviving appointees live to 77, the average survival rate for Canadian Senators over the past few years, Pearson's Senators will have cost Canadian taxpayers an eventual total of $2,500,000.
>
> This is political pay-off on a grandiose scale. It has left the disciples of Mike Pearson's "New Politics" disturbed and bewildered.

I wanted to turn from that to another article that was written last July, in 1964, by Bruce MacDonald and is entitled, "Conflict of Interest Issue Looms in Senate's Handling of Bank Bills". The article reads in part:

> The possibility of conflict-of-interest issue arising in the Senate is being quietly discussed in financial and political circles as a result of the Upper Chamber's handling of private legislation to incorporate a series of new banks and mortgage companies.
>
> Three bills for bank charters have been introduced in the Senate this session, the first being called for second reading almost four months ago. All of them are still tied up in the Senate banking and commerce committee, which includes among its members four directors of old, established chartered banks. One of them is the chairman, Senator Salter Hayden, a corporation lawyer and a director and shareholder of the Bank of Nova Scotia.

Now, I am not going to go on with Mr. MacDonald's article. It was followed by an editorial in the *Globe and Mail* condemning this particular situation, in which you get this kind of conflict of interest. Obviously, we have in the Senate a constellation of major business and economic figures which, because of the nature of the private corporation legislation that may be introduced in this particular House, may go through the House or may originate in the Senate, gives these people a great deal of power. As a matter of fact, an appointment to the Senate is almost a guarantee of nice, fat appointments to directorships of various Canadian corporations, so you can have some kind of leverage. In making that point, Mr. Chairman, I indicate just some of the difficulties in connection with the Senate which do exist.

I think we should ask ourselves the question, does the Senate work at the present time? The answer is that some Members of the Senate do, and for them I have a tremendous amount of respect. I want to make the point that age does not seem to have much to do with whether or not they work. Many of you are perhaps aware of what I understand on good authority, that one Senator even has a stock ticker in his office so he can keep up with his stocks and what is happening to his particular corporations. I do not say there is any particular conflict of interest or anything like that in that specific situation, but it is an indication of the kind of interests that are dominant in the Senate. This is also the place where you get your party hacks, where you retire people when it is convenient to get them out of the House.

It seems to me we are a long way from the noble and fruitful role for the Senate. I recall recently when a Senator for Northern Ontario died, the main topic of conversa-

tion around here was as to which M.P. would likely get the appointment, or if it would be a big shot who had done a good deal for the party and contributed a great deal to party funds. I can see great and practical political advantages in the Senate as a place to boot people upstairs. I should like to say, Mr. Chairman, that is the main use within the parliamentary system for the Senate. It is, as well, a place in which to put the party fund raisers in order to give them a position and in order to link up with the major financial concerns of this country. I do not feel that is good enough.

I, along with the Members of this Party, want the abolition of the Senate. However, I am realistic enough to know that the fact we happen to want it does not mean it is going to be abolished. I could argue that the Senates or Executive Councils have been abolished in all the Provinces except Quebec, and in Quebec they are having their argument with that particular institution. I should like to make the point that if we are not going to abolish the Senate, then let us have some real, genuine reform, so that we know we are going to get a range of policy and representation of the kind we do not have at the present time.

Any hon. Member who wants to take the trouble to look into the Senate index following a debate will realize that there is a small corps of Senators who do a tremendous amount of work. I give all honour to them. However, the plain fact of the matter is that, in general, it is not an active institution, and every Senator that you encounter is very sensitive about this question of reform and giving the Senate something to do. There is a good file in the library, Mr. Chairman, and I should like some of the Government Ministers to take a look at it, in connection with the Senate and proposals for reform. There have been all kinds of constructive proposals, it seems to me. All we have here is a half-baked way of getting the Senate age reduced. It is half-baked in the sense it is going to offer some—

The Chairman: Order. I have to interrupt the hon. Member, since his time has expired. I have allowed him a few minutes additional time because of the point of order that was raised.

Some hon. Members: Carry on.

The Chairman: Has the hon. Member unanimous agreement to continue?

Some hon. Members: Yes.

Some hon. Members: No.

The Chairman: The hon. Member does not have unanimous consent.

An hon. Member: Go ahead.

The Chairman: I am willing to ask again, but I hear a "No". Has the hon. Member unanimous agreement to continue?

Some hon. Members: Yes.

Mr. Fisher: There is a "No", Mr. Chairman.

• (4:10 p.m.)

Mr. Knowles: Mr. Chairman, since we are in Committee on this resolution, I wonder if I may address a question about this matter to the President of the Privy Council? He will recall the exchange we had yesterday concerning the part of the proposed Bill that will provide a non-contributory pension of $8,000 a year under the present scale to any person who is now a Member of the Senate, when he reaches the age of 75.

The President of the Privy Council will recall that he asked a question or two while I was speaking, the import of which was that the Government did not think it could get its Bill through the Senate unless it made this kind of a provision.

Mr. McIlraith: What page?

Mr. Knowles: I am referring to the questions the Minister asked me as reported on page 414 of *Hansard* for April 26. From what the Minister said it seemed to me quite clear that he felt if the Bill simply provided for retirement at 75, and called upon those who are now there to get a pension only by contributing to the Members of Parliament Retiring Allowances Act, then they would not support such a Bill and therefore we would not get it through. The question I would like to put to the Minister is this: Why not pass such a Bill in the House, send it to the Senate and find out what is their response to it?

Despite all the critical things we say about their Honours in the other place, it seems to me there are some high principled people over there who would realize the time has come to make some major reforms in the constitution of the Senate, and if it is the judgment of the Government that retirement at 75 is a major reform then I would suggest there are ladies and gentlemen in the other place—

The Chairman: Order please. Is the hon. Member asking a question or taking part in the debate a second time? It is my interpreta-

tion of the Standing Order that, having spoken more than 20 minutes in the first instance, he cannot speak a second time.

Mr. Lambert: You are in the Chair.

The Chairman: Of course I am in the Chair, but if the hon. Member for Edmonton West will read provisional Standing Order 61-A(2) —and I agree the Standing Order is not completely clear—he will see it says no hon. Member shall speak for more than 20 minutes. It does not say "once", and I appreciate this; but the interpretation I would be inclined to put on the Standing Order—and this is the first time it comes to a test—would be that an hon. Member can speak a total of 20 minutes.

Now, the hon. Member for Winnipeg North Centre and the hon. Member for Edmonton West both participated in the drafting of this provisional Standing Order and I think they will have to admit at this time that it is not clear.

Mr. Knowles: On the point of order, I think the Standing Order that you read, the provisional one, has to be read in conjunction with Standing Orders that apply to speeches in Committee, and Members are not limited in Committee to the making of one speech.

When I stood just now to ask a question and speak for a few minutes, quite frankly I did have a few things to say, but I hesitated for a moment to see if there was anyone else who wanted to speak and I thought your Honour would not recognize me if there was someone else wanting to speak. It was on that basis that I proceeded with my remarks, which I intended to be brief; nevertheless I was making a second speech.

The Chairman: The hon. Member probably will have the unanimous consent of the committee to carry on.

Some hon. Members: No, no.

The Chairman: Order, please. Perhaps hon. Members will give me an opportunity to continue the argument I wanted to make a moment ago. The provisional Standing Order says, "Notwithstanding the provisions of any other Standing Order...", and this would appear to apply to all Standing Orders, including the one the hon. Member is referring to in order to support his claim to speak a second time.

Again I stress that I am not submitting the problem to the Committee at this time. My interpretation would be that an hon. Member, once he has spoken a total of 20 minutes—perhaps he could speak twice for 10 minutes each time—would have exhausted his rights under the provisional Standing Order as it has been drafted and approved by the House, but maybe this is a bad time to decide whether this is a correct interpretation or not.

[The Chairman.]

Mr. McIlraith: So far as the question goes, if it is the wish of the Committee I would be quite content to deal with it afterwards. But the point of order is a quite important one. As I read the new Standing Order it introduces a procedure whereby the resolution stage preceding a bill involving the expenditure of public money is limited. In order to make the limitation workable, the limitation was set at five hours, or one day as the case may be, and I take it to be apportioned evenly as between different Members in the chamber, presumably on the assumption that in the past there had been more Members speaking on the resolution stage of a bill than would normally be heard within the five-hour limitation now imposed. For this reason the new Standing Order made a very clear provision and I wish to read just part of the new Standing Order 61-A(2):

> —no Member shall speak for more than 20 minutes during the time when a resolution preceding a Bill involving the expenditure of public money is under consideration in the Committee of the Whole House.

That seems to be an absolute limit to the right of any one Member to participate in this debate, and it is made clear that it is absolute in form because the first words in that subsection are:

> Notwithstanding the provisions of any other Standing Order—

In other words it is quite clear that that limitation to the 20 minutes is absolute in form, and I would hope that the point of order would be sustained so that there can be an opportunity for all hon. Members, or for as many as may wish to do so, to speak in the limited period allocated to this proceeding. Having made the point of order I am not, of course, asking to cut the hon. Member off from his question, which I would prefer to deal with separately.

Mr. Martin (Timmins): Would the President of the Privy Council not agree that this is giving a brand new interpretation to this rule, one that was not even thought of at the time it was brought in?

Mr. McIlraith: No, I would not agree to any such suggestion at all.

Mr. Lambert: On this point may I say as a Member of the Committee that prepared

that rule—and Your Honour was one, too—that notwithstanding the provision that the President of the Privy Council has pointed out, this phrase, "notwithstanding the provisions of any other Standing Order" had direct application to the length of time allowed to the Prime Minister and to the Leader of the Opposition and to any other Minister with regard to the limitation of 20 minutes, but at no time during the deliberations of the Committee, nor at any time during discussion in the House on the adoption of the said rule, was there any indication or thought that any hon. Member, with your Honour in the Chair in Committee of the Whole, would be limited to speak once and once only.

In any event, this goes completely contrary to Standing Order 59(1) which determines the procedure when your Honour is in the Chair in Committee of the Whole. It states:

> The Standing Orders of the House shall be observed in the Committee on the Whole House so far as may be applicable, except the Standing Orders as to the seconding of motions, limiting the number of times of speaking and the length of speeches.

The length of speeches in Committee of the Whole was limited to 30 minutes, and in this connection we have cut the time to 20 minutes on resolution stage; and the Prime Minister, the Leader of the Opposition and the Minister who proposes the resolution are also limited to 20 minutes. That is the purpose of the phrase "notwithstanding any other rule."

I would put it to your Honour as a Member of the Committee that certainly this is the sense of the Committee that prepared this rule, that there should not be any limitation on the number of times a Member can speak in Committee, because there was never any idea of derogating from the general conduct of business in Committee of the Whole.

Mr. McIlraith: May I ask a question by way of clarification of the hon. Member's remarks? Would it be his argument that one hon. Member—following the practice in Committees where Members are not limited—might speak three or four times, while there were other Members of the Committee who would have no right to speak, because of the limitation of the total time allowed for the debate.

• (4:20 p.m.)

Mr. Lambert: In answer, provided there is rotation, and the right of the Chair to recognize hon. Members in rotation, if the Government wanted to put up only one man who would deal with the question in extenso, then he could speak more than once. That is also within the purpose envisaged. In committee, just as though we were considering estimates or clauses of a Bill in Committee of the Whole, one or two members can conduct the discussion on behalf of their party.

Mr. Martineau: With great respect I think that to give to the new rule the interpretation which your Honour wishes to give to it would place the Committee in an absurd situation. In Committee of the Whole, Members should be getting all the information they can pertaining to the resolution or to the matter under discussion. Strict interpretation of this rule along the lines you suggest, Mr. Chairman, would mean that a Member who had already spoken would be precluded from asking a question dealing directly with the subject matter before the Committee; Members who had "had their say" could not ask questions as the discussion progressed. My hon. friend from Edmonton West was a member of the Committee which produced this rule and I think he would tell us it was never in the mind of that Committee to interpret the amendment in so narrow a sense.

The Chairman: The Chair cannot go behind or beyond the terms of the Standing Order when it expresses a point clearly. Again, I do not wish to press the matter too far, but upon examination I am sure hon. Members will eventually agree with my interpretation. When a Standing Order says "notwithstanding the provisions of any other Standing Order" this plainly eliminates the application of, say, standing order 59(1) to which the hon. Member for Edmonton West has referred. It does not say "notwithstanding the provisions of any other Standing Order except standing order 59(1)".

I should also like to bring to the attention of all hon. Members the fact that this Standing Order says: "No member shall speak for more than 20 minutes during the time..." and so on. The wording is clearly different from that which we find in other Standing Orders, where time limits are imposed. Standing order 38(7) says that no Member shall speak for more than 30 minutes at a time in the said debates. In other words, he can speak for 30 minutes at a time and then for a second or a third time, for 30 minutes. Obviously, this is not what the new provisional Standing Order says. We find exactly the same provision in Standing Order 31(2); when private Members' business is being considered between five and six o'clock, no Member can speak for more than 20 minutes at a time.

Perhaps it would be wise, since we are trying to interpret a new rule, to hear the views of the hon. Member for Winnipeg North Centre who, I believe, bears the main responsibility for drafting this particular Standing Order. One hon. Member has suggested we are trying to put a brand new interpretation on a rule. Well, this is a brand new rule and this is the first time the question has been brought up. If the interpretation of the hon. Member for Winnipeg North Centre is different from mine, my suggestion would be that we allow the debate to continue and give an opportunity to the Chair to review the matter and reach a decision on which hon. Members could guide their contributions to future debates.

Mr. Baldwin: Perhaps the Chair would like, at the same time, to give consideration to a further aspect. Let us assume that an hon. Member had spoken for only ten minutes on a resolution of this kind before resuming his seat, other Members having intervened. He might then wish to rise and pursue his remarks for a further period of ten minutes. I am not discussing the point at issue between Your Honour and the hon. Member for Winnipeg North Centre. But in line with Your Honour's interpretation of this rule a Member could make two or three contributions, even while keeping within the time limit of 20 minutes.

The Chairman: I had taken that into account. That is why I mentioned, when the hon. Member for Winnipeg North Centre began to speak, that he had already spoken for more than 20 minutes. I had taken into account that my interpretation of the rule might mean that a Member could make two or three short speeches or even, shall we say, ten speechettes. My suggestion is that we consider this to be only a trial Standing Order, one which is in need of clarification and, perhaps, revision. If it is the sense of the committee that hon. Members be allowed to contribute more than once to the debate, I have no intention of limiting debate too severely.

Mr. Martineau: So your ruling does not prevent Members who have already spoken from asking as many questions as they wish.

The Chairman: Certainly. That is why I asked the hon. Member for Winnipeg North Centre whether he was asking a question. I felt no one would wish to prevent his asking a question, although he had taken part in the debate already to the extent of more than 20 minutes. If the hon. Member is, indeed, asking a question at this time, this will facilitate the position of the Chair.

Mr. Knowles: I think Your Honour has resolved the question in a sensible way by drawing attention to the fact that this is a new Standing Order; if there is a lack of complete precision in its wording we would do well to work it out as we go along. As a member of the subcommittee which drafted this provisional Standing Order I can say it was not in our thought that Members should be confined to speaking only once. In any review Your Honour might make I suggest you study the half a dozen occasions upon which this rule has come into effect. There have been only two or three occasions when the five-hour or one-day limit had to be brought into play, but there were several occasions on which discussion took place, back and forth, on the basis of short interventions. I submit it was not our intention to limit contributions to one only. It was our intention, if there were many speakers, that they should be limited to one speech until the allotted time had gone. I would say that if someone else had wanted the floor when I rose, then in all fairness Your Honour should have given the floor to someone else rather than to me. But I rose, no one else seemed inclined to speak, and then I proceeded to put my question. Perhaps I will put it, now, to the President of the Privy Council. If there is doubt as to whether or not their Honours in the other place would pass a bill which provided for their own retirement at an age of 75, why not bring such a bill before this House, ask this House to pass it and then send it to the other place and find out whether they would agree to this measure of Senate reform?

• (4:30 p.m.)

Mr. McIlraith: In answer to that question, may I say that my difference with the hon. Member is as to the interpretation he placed on my interjection of yesterday. He has attributed to me a reason why this part of the proposed legislation is in the form it is. Perhaps we should discuss the legislation in more detail on the Committee stage of the Bill. What I want to make clear now is that we take the view that those Senators now serving in the Senate were appointed or summoned, I believe the correct word is, under legislation, namely section 29 of the British North America Act, which clearly provided that they would hold their appointments for life. We feel that to take away or change such a right after their appointment, the legislation

being in that form, would be a clear infringement of a right which they possess, and we do not wish to do it. It is somewhat analogous to a breach of contract, although perhaps that is not a good analogy to use here. However, it is the same point that arose several times in this Parliament and in the United Kingdom Parliament when attempts were made to change the tenure of office of the judiciary. The better opinion, and certainly the opinion I have always held—although there is one case in Canada where it was not followed by the former Government—is that such an appointment having been made for life, it is wrong arbitrarily to take it away. That being so, we provide a pension which will make it possible for those who wish to retire, having reached the age of 75, to do so. But there is no compulsion on them to retire, because they were appointed with the distinct belief on their part that they were being appointed for life. They had a right to hold that view, because it was and had been provided in the British North America Act for almost 100 years, that they should hold the appointment for life, as distinct from the Members of the House of Commons who have to face elections regularly.

The position is wholly different in so far as persons to be summoned to the Senate in the future are concerned. Of course, I see no difficulty at all in their case; in my view any age limit could be applied to them, or any other limitation as to the expectancy of retaining their position in the Senate. That is the reason the provision is in the Bill. I asked the hon. Member how he would get his Bill passed, because if you once accepted his proposition that the basis on which they were appointed or summoned to the Senate meant nothing, then of course next year we could come along and provide that the age limit be reduced from 75 to 45, which would wipe out a whole group or all of them; or, if the hon. Member should ever have the responsibility of office, he could change the 75 to any other number of years that would effectively wipe out the Senate in this indirect way. That is a principle that I think is quite improper and quite wrong. I hope I have answered the point raised by the hon. Member.

Mr. Knowles: Mr. Chairman, may I ask the Minister this question. Does the Government assume that their Honours in the other place would not agree to a change in the Constitution of the Senate if it was presented to them as being a matter in the public interest? In other words, why does he assume that because they have a lifetime contract they would not consider supporting a change in that arrangement?

Mr. McIlraith: Mr. Chairman, I thought I made it clear that I did not make any such assumption; but the Government did assume that it would be improper for the Government to make that change in that way. If they are agreeable to it or wish to bring it forward, that is fine; but it would be quite improper for the Government.

Mr. Douglas: You did it for Judges. The same principle applied there.

Mr. McIlraith: Exactly, and that is why at the time I opposed the provision in the judges' legislation to which the hon. Member has reference. I think that on mature reflection a good many who supported that judges' legislation at the time may have been a bit troubled about it since.

Mr. Knowles: May I ask another question, Mr. Chairman. If the Government feels that it is proper to offer to Senators who are already there a choice between continuing for life or retiring at age 75 on a non-contributory pension, would it not also be proper to offer the Senators a choice between continuing for life or retiring on a pension that they would pay for, in the same way that we pay for ours?

Mr. McIlraith: Mr. Chairman, I do not know that I quite follow what the hon. Member is suggesting. If he is suggesting that we might offer them another alternative of contributing to their pension if they wish to do so, because the contributory pension carries with it certain additional rights that the annuity does not, that might be considered when we come to the Bill stage.

Mr. Knowles: I was not suggesting it as a third choice.

Mr. McIlraith: A fourth choice.

Mr. Knowles: No. I am suggesting that there be only two choices; either that they continue for life, or that they have the right to retire on a pension by paying for that pension, rather than getting this $8,000 pension completely free.

Mr. McIlraith: I think the answer to that is, of course, that for some of them it would be manifestly impossible, if you figure out the capital sum involved. I think that is the rather harsh answer, but I believe it to be the fact.

Mr. Knowles: Is it not true that the same situation applied to Members of this House? They had the option of deciding how much past service they wanted to cover.

Mr. McIlraith: No, that is not a parallel case at all. The Members of this House were elected to the House on an expectancy of continuing as Members until the next general election was called, which is limited by the same Act, the British North America Act, to five years. They had the fixed certainty, at the time they were elected, that they would be out as Members of the House of Commons at the end of five years. It is a wholly different case.

Mr. Woolliams: Mr. Chairman, I listened with great interest to the Member for Port Arthur and I take it that his position is the position of the New Democratic Party, who believe the Senate should be abolished. It was once said by the head of the Political Science Department, by the late George Britnell, that the only wise Senate that ever existed was the Irish Senate, and they passed a bill to abolish themselves. I do not go as far as the Member for Port Arthur, but there certainly does seem to be a necessity for reform of the Senate. In the few minutes I will take this afternoon, however, I will defend the Senate; I will defend it all the way, because I think it is an important place and performs an important function as far as our Parliamentary institutions in this country are concerned. Certainly the Member for Port Arthur could draw inferences and relate experiences where appointments have been made that probably would have been better left unmade; but that does not mean that the body itself has not a proper function. We should take a look at ourselves in this House if we are to criticize the other place. All of us may not be just as we should be as Members of the House of Commons. We can all throw stones in that regard.

I want to ask this question, Mr. Chairman. As I say, I am defending the Senate, but I am not defending all the Senators in the Senate. My hon. friend from Port Arthur has dealt with that point. However, he did trim his argument at the end of his remarks; he said that if you are not going to abolish the Senate, it should be reformed.

What is the function of the Senate? If you go back you find that it was set up as a union of two distinct cultures and two distinct nationalities at that time; there were minorities, and those minorities had to be protected. There were three important functions. First of all, the interests of the Provinces had to be protected against legislation passed in this House of Commons; that is, protected other than by the constitution itself. Then it was to protect minorities. Those minorities might at that time have included the Province of Quebec, and at this time includes the Province of Quebec. The Senate is to protect minorities, as I say, and perhaps I may illustrate by giving a hypothetical case. You might have a government elected that left out one section of the country. It might be that a federal government was formed that left out the section of Western Canada entirely. In fact the Liberals were close to that situation; if it had not been for the Minister of Agriculture getting elected in Calgary South they would have had great difficulty in finding a Minister from Alberta and Saskatchewan.

• (4:40 p.m.)

If something passed the House of Commons which would be detrimental to Western Canada, then it would be an important function of the Senate to protect a minority interest in Western Canada, or for that matter a minority interest in the Province of Quebec or a minority interest in the Maritimes. That is an important function of the Senate. Another function, examples of which many people could draw on from their experience, is to correct the errors and impulses of the House of Commons. They are the three important functions.

Now why, Mr. Chairman, was the Senate devised in that way? There were to be 24 Senators from Upper Canada and 24 Senators from Lower Canada. There were to be 24 from the Maritimes and, after some amendment, 24 were to be appointed from Western Canada. Then an additional six were appointed from Newfoundland, which if my arithmetic is correct brings the number to 102. The membership of the Senate is not based on representation by population but on certain of the localities, and interest in those localities, whether they be economic, social, political or cultural. That is why we have a Senate.

I do not think we can go as far as the original planners had in mind with regard to the Senate. I think it was Sir John A. Macdonald who said, when talking of setting up the Senate and defining its functions:

> There would be no use of an Upper House if it did not exercise, when it thought proper, the right of opposing or amending or postponing the legislation of the Lower House. It would be of no value whatever were it a mere chamber for registering

the decrees of the Lower House. It must be an independent House, having a free action of its own, for it is only valuable as being a regulating body, calmly considering the legislation initiated by the popular branch, and preventing any hasty or ill-considered legislation which may come from that body, but it will never set itself in opposition against the deliberate and understood wishes of the people.

In the past the Senate have returned Bills which they opposed to the House of Commons for further consideration of the House of Commons, or for further consideration so that they might be amended, changed or altered. Surely that is an important function of the Senate, together with the function of protecting minorities.

As to appointments to the Senate, which is where reform should be made, it is true that the critics of the Senate and those who want to abolish it have been thinking of the need for reform within the institution itself. They see a need for reform of the Senate in that it has an improper or a bad function. This is why the hon. Member for Port Arthur and his friends in the New Democratic Party want, I think, to abolish the Senate; but I repeat that I come to the House of Commons this afternoon to defend the functions of the Senate, because it does have important functions.

With regard to the question of appointments I suppose the main criticism is embodied in the resolution we are considering today. One Senator who died in 1930 was appointed to the Senate in 1905 and lived to be 102 years of age. I know it is the case with the judiciary, but it also seems to me that the kind of life led by Members of the Senate is perhaps also good for longevity. They seem to live a long time, so we must set a limit on retirement, for a start. But I should like to tell hon. Members that I feel that if the Senate is not functioning well it is not the fault of the Senate but that of the Members of this body, who have been in a position to appoint Senators.

I can see why the members of the New Democratic Party and the members of the Social Credit Party are somewhat unhappy with the Senate, because they have had no opportunity to have any of their people who may control finances, like some members of the unions or perhaps members of the oil industry in Alberta, appointed to the Senate. It does look as if this is a nice kind of plum to have, and they would be able to exercise a little more influence in that chamber than in this one. But because there is that fault you do not destroy the House or abolish the Senate. I feel it is a beginning to set an age limit as a start to reform, and it was our Party who first put such a proposal on the Order Paper. In the case of Senator Dessaulles who lived to be 103, he was in the Senate for 27 years. But the Senate should be a place, not where people go to retire but where young men can be active.

In this regard let me point out that 42 of the appointments made up until 1962 were of men who were 61 years of age or older. In our institutions we should look for men of all ages so that we get the value of youth in the Senate as well as in the House of Commons. I am not the first one who has found that the appointment of Senators is difficult. I think it was Sir Wilfrid Laurier who, when talking of Senate appointments, said:

> When it comes to the appointment of Senators, it is a difficult matter. With all the good will I have, if I were to advise His Excellency—

The hon. Member for Bonavista-Twillingate said that they are appointments of the Queen, to which I replied that technically, intellectually or from a political science point of view they are appointments of the Queen, but they are really appointments of the Government and of the Prime Minister. It is really just a play on words to say they are appointments of the Crown. As I said this afternoon, if they were appointments of the Queen then all I can say with regard to some who have been appointed of late is that we should all stand and sing "God Save the Queen".

> With all the good will I have, if I were to advise His Excellency to take a man from the Opposition side, I do not know that my action would be well received. My hon. friend . . . would hardly expect me to submit to His Excellency the name of a man who represented us to be everything that was bad—

Sir Wilfrid Laurier is here talking of appointing members of the Opposition or members who are not members of his party.

> —who had nothing good to say of us, who declared that we were corrupt and wicked and guilty of all the sins in the calendar.

In other words, someone sitting in the Opposition or who opposed the Government outside the House would be a difficult choice for a Prime Minister to justify.

> That would be, I think, more than Christian charity could be expected to endure...Even if I were to offer to His Excellency the name of one of the lukewarm Conservatives, who is not very strong on one side or the other, perhaps gentlemen on the other side would be the very first to find fault with such an appointment. Therefore on the whole I believe these appointments have to be made as all of them are made...Sir John Macdonald in his day.. appointed one gentleman from

the Liberal side; but this gentleman was a personal friend of his and one who on a particular occasion had stood by him in very trying circumstances. I am sorry to say that I have not yet found in the ranks of the Conservative party a man of such independent views as John Macdonald was in the ranks of the Liberal party.

Therefore he might have appointed a Conservative, as Sir John A. Macdonald appointed a Liberal. In other words, Mr. Chairman, the appointments have been political appointments and I do not think that anybody can hide that situation.

I should like to see the Senate reform in this regard, and one of the suggestions made on several occasions and again this afternoon is that the provinces should have something to say in the matter. For example, I think no one has fought the Social Credit party politically in Alberta as much as I have, but a man like the Hon. E. C. Manning, Premier of Alberta, has served for 20 years as Premier of that Province, has a complete knowledge and experience of the petroleum and oil industries, and would be an excellent appointment to the Senate, if he would accept one. Therefore it seems to me that the suggestion that some of these appointments should be made by the Provinces is a good one.

Another suggestion which is being made is that part of that body should be appointed for a set period, and part of it elected. How that should be worked out, a Committee should probably consider, but it does seem strange that once Senators are appointed they are appointed for life, a state of affairs which cannot be changed no matter whether or not they serve their country well. I suggest that we should have a division, with some members elected and some appointed. In particular some should be appointed by the Provinces so that in this way the interests of the provinces are protected. Men who have served their Provinces well and have experience of their localities could serve their country well in their capacity in the Senate.

It is very easy to take extreme examples, as did the hon. Member for Port Arthur today. I was rather amused by this—I mean amused in the right sense—because it is easy to point to one individual and say what he has done, that he may have appeared before a commission and rolled his eyes in a certain way when asked a particular question. But that does not mean that the constitution of the whole body is wrong. We have had good men in the Senate, like Mr. Power and Mr. Meighen, and there are men there today doing a good job. I repeat that their first job is to protect minorities. If minorities are to be protected in this country and if the Members from the Province of Quebec, who surely are a minority, want to see them preserved, then the protection of those rights is in fact guaranteed by the Senate. I am sure that any Government here, or group of men, would defend the Senate and its function in respect of any legislation passed by a Government which was harmful to a minority, and I am sure that hon. Members here from the Province of Quebec, just like the Members for Western Canada, would support that view.

[Mr. Woolliams.]

• (4:50 p.m.)

Certain appointments have been political in nature, which did not really serve the best interests of this country, but that is no reason for doing away with an institution set up for specific purposes and functions.

The Chairman: Has the hon. Member for Port Arthur leave to continue beyond his time?

Some hon. Members: Agreed.

Mr. Fisher: Mr. Chairman, to complete my remarks, very briefly I should like to touch upon a point raised by my hon. friends to the right, particularly by the hon. Member for Edmonton West, in relation to tyranny of a majority.

Let me say at the outset that there is something of a democratic principle involved. It is my understanding that if a majority which is elected acts in a tyrannical way, the solution or answer within a democratic process, aside from whatever judicial processes may give protection, is to be found at the next election. In a sense the argument the hon. Member has put forward, that the Senate provides protection for minority rights under this kind of a situation against the tyranny of a majority, is in fact a suggestion that we must have something which is not democratic and related to the electors within our system. I personally cannot accept that suggestion.

Perhaps I might now refer to a statement made by—

Mr. Woolliams: Mr. Chairman, would the hon. Member permit a question?

Mr. Fisher: I would be glad to answer the questions in a moment or two when I have concluded my remarks.

I should again like to refer to the statement made by Sir John A. Macdonald in regard to the Senate's function. This statement was contained in a memorandum prepared for Senator Robertson regarding the

reasons given by a proponent of Confederation for the constituency of a second chamber. The memorandum in part states:

> In introducing the motion for approval of the resolutions passed at the Quebec Conference in the House of Assembly, Attorney General Macdonald said, with regard to the proposal to constitute the legislative council:—

I will only read a portion of the quotation as follows:

> "When I speak of representation by population, the House will of course understand that universal suffrage is not in any way sanctioned, or admitted by these resolutions, as the basis on which the constitution of the popular branch should rest."

My point really is that Macdonald had a view that did not even envisage the House of Commons as being popularly elected. As my hon. friend knows, there was a limitation on the franchise at that time, and that since the Senate was constituted there have been changes. I do not think any Member here of any party would argue against the idea that on the basis of our Parliamentary system the House of Commons is popular representation by popular choice. This kind of argument by a man who, in a sense, put over Confederation seems to be one more good argument for the fact that the situation has changed. I do not think a minority, with the exception perhaps of large business interests, has ever really been protected by the Senate and I think there are many examples to prove this.

I have in my mind an article which appeared in *Maclean's* magazine of August, 1961 written by Jean-Luc Pepin, who is, I am sure all hon. Members know, a Liberal Member of Parliament. I think my understanding of the French language is sufficient that I can say with safety that he lists five different sweeping recommendations in regard to Senate reform. As far as he is concerned, apparently the Senate is an accepted institution. One of his proposals relates to a change in the method of choosing Senators in order to reduce the average age. He proposes a number of requirements, including Senate representation in the Cabinet, and Parliamentary Secretaries drawn from the Senate in order to tie that chamber in more effectively. He also suggests, as did the previous speaker, that some of the Members of the Senate should be elected. He was arguing at that time as a political scientist and I should like to quote his last two sentences. I hope my French speaking friends will forgive me for my pronunciation. His last two sentences are these:

[*Translation*]

> Perhaps then we might see a rehabilitation of the Senate. Otherwise, we would have to insist upon its abolition.

[*Text*]

In other words he says that if we cannot attain this kind of reform he favours abolition. Since that individual is a supporter of this Government and very close to the Cabinet, I draw that fact to the attention of hon. Members.

I should like to quote from an article written by Charles Lynch, who I suggest is in many ways our most popular journalist. This article appeared last year in the Ottawa *Citizen*, and Mr. Lynch said:

> Years ago in a bull session, I heard Lester Pearson argue against the case for reforming the Senate.
>
> His view, if memory serves, was that it would be fatal to inject men of youth and vigour into that withered old arm of Parliament because the first thing they would want to do would be to do something.
>
> Inevitably, such Senators would chart a collision course with the House of Commons, and parliamentary paralysis would ensue.
>
> That was long before Mr. Pearson became a party leader in the Commons, much less prime minister—but subsequent events seem to have borne him out. Every time the senators shake their lethargy and start taking their responsibilities seriously, the machinery of Parliament, which is pretty wonky at best, shudders to a stop.

Mr. Lynch was referring to the stand taken last year by Senator Grattan O'Leary, and in the last part of this article he states:

> Mr. O'Leary in the Senate reminds us of what might have happened had Field Marshall Viscount Montgomery accepted the governor-generalship of Canada when it was offered him after the war. Fortunately for Monty and the rest of us, he declined when informed that the job carried no power.
>
> Monty would have wanted to whip the country into shape and make something of his office in terms of power—a ghastly thought.
>
> So it is with Senator O'Leary—unless he's kidding.

Mr. Lynch has humorously asked the question whether it is possible to reform the Senate and give it any power without making it a really dangerous institution, making everything haywire. It seems to me that what Mr. Lynch is suggesting is that it should be allowed to go on sleeping. That may be a defensible position.

My suggestion in connection with this legislation is that it is not drastic enough or radical enough to really disturb the Senate's sleep. It is completely inadequate as a reform proposal, particularly coming from a Party which claims to speak for reform.

Mr. Chairman, I see that it is now five o'clock.

The Chairman: Order, please. Perhaps I should present my second interpretation of the Standing Order this afternoon. If the hon. Member will read the provisions of the Standing Order he will see that Standing Order 61A when read in relation to Standing Order 16 provides for the suspension of private Members' hour at this stage when we are considering a resolution preceding a money bill in Committee of the Whole. Obviously that means that the private Members' hour is superseded. In view of that fact, we will continue with our consideration of the resolution now before us.

Mr. Fisher: Mr. Chairman, I should like to conclude my remarks by referring again to this conflict of interest, and I do so at this time to underline the need, if we are going to have reform, for drastic reform. I should like to quote from an article which appeared in the *Globe and Mail* on July 8, 1964, but before doing so let me make it clear that the *Globe and Mail* does not advocate the abolition of the Senate as I and the Members of my Party do. This article states in part:

> The public, which is perhaps more simple and direct in its thought processes than some senators, is likely to be disturbed by what has been happening in the Senate Banking and Commerce Committee.
>
> To put it simply and directly, what has been happening is this: the Committee has been processing private legislation designed to create a number of new banks and mortgage companies. Some of the Senators on the Committee are directors of existing banks to which the new banks would be rivals. Or they are directors of the parent companies of the new mortgage companies. Or they are both.
>
> One of these director-Senators, Senator T. A. Crerar, declared his private interest in the matters before the Committee and withdrew from its deliberations. A number of others, Senator Salter Hayden, chairman of the Committee, Senator P. J. Bouffard, Senator Gordon Isnor, Senator Eric Cook and Senator Hartland de M. Molson, possessed similar private interests, admitted them, but did not withdraw.
>
> • (5:00 p.m.)
>
> The Banking Committee then proceeded to approve the legislation permitting the establishment of the new mortgage companies, which could benefit the companies of which some of the members are directors, but found it necessary to delay the legislation permitting the establishment of the new banks, which would compete with the banks of which some of them are directors.
>
> The Senators gave reasons for what they did, and what they did may have been right. The trouble is that it does not look right.
>
> Senator Hayden defended his action and the action of other director-senators. It would be quite improper as well as illegal, he acknowledged, for a Senator "to vote upon any question in which he has any pecuniary interest whatsoever, not held in commcn with the rest of the Canadian subjects of the Crown".
>
> This, to the simple and direct minds of those other Canadian subjects, would seem to prevent director-senators of companies interested in establishing new mortgage companies from voting on the subject. Directors get paid.
>
> Senator Hayden's defense of this kind of voting was a little complicated, but he was entirely simple and direct on the matter of Senators who were bank directors voting on banking issues. It would be wrong for a Senator to legislate for his own bank, he explained, but right for him to legislate for the rivals of his bank.
>
> We can look for a vast torrent of explanations from the red chamber to prove that these senatorial activities are all right and proper. But the explanations won't wash. The position of our legislators is like the position of our courts; not only must justice be done it must be seen to be done; not only must legislators avoid conflicts of interest, they must be seen to avoid them.
>
> It is doubtful if directors of banks, mortgage companies, trust companies or any sort of financial institution should sit on the Banking Committee, especially at this time, when the committee will be considering the report of the Porter Royal Commission on Banking and Finance, which could affect all their companies. Their special knowledge of such affairs would not be lost if the Committee were composed entirely of lay Senators; they could always be called, or requested to appear, as expert witnesses.
>
> It is certain that no Senator who has a personal interest, either direct or indirect, in an issue before the Committee should take part in judging that issue. However pure his heart may be, he is still creating in the public mind the suspicion of a conflict of interest. The only course open to him, if he respects the body of which he is a Member and the country it serves, is that taken by Senator Crerar—to declare his interest and withdraw.

This editorial again highlights what is a very real factor in the make-up of the Senate at the present time. In other words, it is eminently a conservative institution, particularly in its active Members, if by "conservative" anyone wants to interpret it as meaning people who represent major financial and corporate interests. I would not want to rule out, Mr. Chairman, the idea of those interests having representation in some ideal forum. However, when such gentlemen tend to dominate a particular institution or when they are able in a sense to perpetuate an interest in financial matters, and these financial interests are added to many times because Senators are so popular as directors of large corporations, then in fact the Senate has lost any real trace of a wide representation of the country. I say this with all due respect to people like Senator Gladstone, Senator Roebuck or Senator Yuzyk, who appear to have been appointed to represent, to a degree, certain special interests.

If we are going to have reform so that Senators represent particular interests, then

we have to have something more explicit than we are being provided with here. Otherwise, the whole matter of reform and a better composition of the Senate is being left again to the prime ministerial prerogative. His performance in the past, as Mr. Newman's article indicates, has been a pretty sad one. It is for Liberals themselves to be concerned with the issue Mr. Newman raises, the fact that the so-called "new politics" of the Prime Minister have been revealed in terms of Senate appointments as being a pretty shoddy business. This is for the Liberals themselves to settle.

I should like to suggest to the Liberals, in terms of forming some kind of reform of the Senate, that they must come forward with something more than this if they are really going to convince us that they want to use the Senate for other than a place to put party hacks or party bagmen who have collected funds for the party.

Mr. Woolliams: I wonder if the hon. Member would answer a question I wish to pose? He stated at the beginning he was not worried about a tyrannical majority because an election would take care of it. If a majority implemented some bill which was against a minority, and assuming that minority may be in Western Canada or the Province of Quebec, would not that majority likely be re-elected and cause the minority to suffer? Is this not the very reason for the Senate, to protect minorities?

Mr. Fisher: I just cannot see this, because I think there have been many bad Bills over the years introduced in this House—I am sure there have been although I cannot enumerate them—and the fact that the Senate was there never really prevented those Bills from being passed. The only thing the Senate ever did was to try to stop the old age pension, and they put on a bit of a circus in connection with James Coyne, which I know the hon. Member for Bow River did not particularly appreciate. If those are the only examples one has to draw upon after a history of some 98 years, you really have not got very much to draw upon in so far as the point raised by the hon. Member is concerned.

Surely, he is being very cynical about the electoral process, about the matter of voting, if he wants to suggest that, given an area of freedom of communication such as we have in this country and in this chamber, and given the operation of any tyrannical majority, be it Liberal, Conservative or whatever the case may be, which introduced something that would offend or hurt a minority, that there would not be recourse at the next election against them and for the opposing political party. It seems to me that has to be the protection under democratic principles.

• (5:10 p.m.)

[*Translation*]

Mr. Martineau: Mr. Chairman, I wish to add but a few remarks to those which have already been made on this resolution.

In the first place, the age of a senator or of a candidate to the Senate should not be the main consideration. The measure before this committee seems to attach the greatest importance to age itself, by facilitating the retirement of senators on attaining the age of 75 and even compelling them to retire at that age.

In support of this statement, I will refer to the opinion of a universally recognized authority in this matter, namely Dr. Wilder Penfield, who stated that often a person could render his best contribution in the later part of his life and that it was advantageous for a man or a woman of a certain age to change his or her career and direct his or her activities toward other fields of action.

Therefore, it seems to me that not age but rather the senator's ability to perform his duties ought to be the determining factor. As we all know, some people are already burnt out at 45, while others are still in full possession of their faculties at 75 or even at a more advanced age and their long experience makes them especially useful to the community and the nation and quite capable of filling a Senate appointment.

Incidentally, I have in mind a perfect example to illustrate how a man's career can be usefully extended. I refer to Dr. Penfield, whose appointment to a reformed Senate would be an excellent one.

As for the Senate reform itself, I think everybody agrees that it must be done. Of course, there are those who advocate the abolition pure and simple of the Senate. Others ask for a reform, but even there, opinions are divided. I am not in favour of the abolition of the other place because I feel it plays a useful role. Indeed, parliament does not have unilateral jurisdiction to abolish the Senate.

As someone pointed out, the Senate was established partly to protect the rights of minorities, of the provinces and of particular areas. Representation in the Senate is much more vital to the provinces themselves and if

parliament moves to abolish the other place, it will have to consult the provinces beforehand. I am surely in favour of a reform which would go much deeper than the timid proposal under consideration here.

In my opinion, the reform should be twofold. First, it should concern the choice of appointees to the Senate and, second, it should deal with the duties which the Senate must or should carry out.

With regard to the appointment of Senators, several of the reforms suggested could be considered. First of all, in resorting to the present method of appointment by the government, the Prime Minister should use better judgment. The hon. member for Port Arthur (Mr. Fisher) opened old sores by reviewing the appointments to the Senate made by the present Government. Much better judgment should be used than has been the case up to now and it is especially important that the choice should not be based solely on the political credit of a candidate to this office. Yet, this has been undoubtedly and precisely the case up to now with regard to the twenty or so appointments to the Senate made since 1963.

It is useless, I believe, to propose a broadening of the duties of the Senate as long as the methods of appointing Senators are not changed. It is imperative for the Government when making its decision to be more discerning, to select candidates known for their competence in various segments of public and even private life, apart from any other consideration.

I would be in favour of the appointment of candidates as qualified as Mr. Robert Fowler and Mr. Marcel Faribault; they would make very good senators. This reform in the very set-up of the Senate could take place as of now. However, it is necessary to consider more substantial reforms by changing the pattern followed for those appointments. In fact I think that the matter of appointment of Senators should be left to an independent committee. It might be said that such a committee could not be really independent and that it would still remain, to a certain extent, under the Government's thumb. That may be true, but as far as redistribution is concerned, Commissions have been appointed and they are performing their duties in an unbiased way. As far as I know, no pressure has been exercised on the Commissions either by the house or the government. An independent commission could do this work just as impartially and select the best qualified candidates.

[Mr. Martineau.]

With regard to the reform of the Senate, making that body elective could also be considered. I think that in the long run it would be the best way of ensuring that a candidate has the necessary qualifications to perform his duties. I would therefore suggest, if we choose to proceed by way of constitutional amendment, that Senators be selected on an elective and province-wide basis. In other words, a certain number of candidates would be proposed for each Province and the electorate would then choose the Senate representatives for the whole province at the time a general election is held on a province-wide basis, without regard for the boundaries of the various ridings. An independent commission, after consultation with the provincial authorities, could establish a slate of candidates for each Province, and Senators would be selected from that slate by the voters. Highly qualified candidates would thus be chosen and at the same time, this would remove the blot on the democratic principle caused by a non-elective body, invested with the authority to suspend the legislative power of Parliament.

In addition to amending the method used to select candidates, it would be advisable to amend drastically the functions that this reformed Senate would be called to fulfil. In my opinion, what that house could do best would be the work of a constitutional committee. I would very much like a Senate made up of the best authorities in Canada hearing evidence throughout the country on those constitutional matters. That would be giving the Senate a very useful role, worthy of that body, in short a role it could play in all respects.

Thus that constitutional committee, made up of all the appointed senators, could sit the same number of days as the House of Commons, and we would no longer see the Senate idle during long weeks, even months, when the House of Commons is engaged in a never ending debate.

I suggest that the government pay serious consideration to those suggested reforms of the Senate, respecting appointments as well as the duties to be fulfilled by that body. The discussion on this resolution could even be postponed until the government has had the opportunity of bringing drastic reforms within the Senate.

Mr. Chairman, I believe that this measure is too vague to reach the objective which was set, and in my opinion, the government should postpone it and introduce a better drafted and more useful motion or resolution.

• (5:20 p.m.)

[*Text*]

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Mr. Peters: Some people can carry themselves out of the chamber. They are preparing themselves for the Senate. They are getting used to sitting on their seats without doing anything.

The operations of Parliament have become a common topic across the nation; people are looking at it in terms of Parliament as a whole, the Senate as well as the House of Commons. I think the Government has accepted this by suggesting that some modification be made in the arrangements pertaining to the other place. It is interesting to note that there is a similarity of opinion among many Members of this House with regard to the operations of the Senate, and I believe this opinion is shared by many of the citizens of this country. There are large numbers of Canadians, in fact, who feel that the whole institution of Parliament including both Houses has got itself into serious disrepute. I believe everyone who considers the question of the Senate does so in the terms of what he or she wishes to see accomplished by that institution. It is a fact that Parliament is divided into these two parts. This is because we have inherited our institutions from the Mother Parliament, a parliamentary system which involves a House of Lords. There are those—and some of them are very close to me in this chamber—who would agree that the establishment in Canada of a House of Lords in its entirety would be a good thing. I am sure there are many in Canada who would not disagree with the idea of hereditary titles. I notice that the hon. Member for Winnipeg North Centre laughs; he thinks he might be called Lord Winnipeg or something like that. However, I think it would be an advantage to have attached to us an august body which would avoid many of the pitfalls which are present today. There are those who say a man can be born into a certain role. Certainly this is true in the case of many of our financial institutions and large corporations where sons follow their fathers, for no good reason except that they have been left considerable fortunes and money seems to make money. If we had a House of Lords in Canada and titles were hereditary, no longer would Prime Ministers be able to appoint to the other place politicians or others whose only qualifications were services rendered, services which had to be rewarded. Listen to the argument. Many people in Canada support the idea that religious bodies should be represented in the Senate, and that these representatives should be appointed by the churches themselves rather than by the party in power. Well, in Great Britain when a clergyman reaches the rank of bishop he becomes automatically a member of the House of Lords.

I know there are judges in this country, even if they were politically appointed, without proper qualifications for the job, many of them political hacks in the first place lacking even legal training—I know many of them would feel it appropriate if senior judges were automatically made Members of the Upper Chamber as is the case in England. This might be a new approach to the correction of some of the ills of the Senate as it is presently constituted. If we were to apply the English system with automatic appointments from the bench and from the ranks of the ecclesiastical authorities we might do better in having broad-minded and reasonable people in the other place than is the case at the present time when Senate seats are used to reward those who have raised a great deal of money for a political party, and so on, with the result that the Upper Chamber has become a haven for retired politicians.

It may be wise, then, to give consideration to the British system, its development and its application. For my part I believe the Government is being unfair in what it is doing at the present time. I say this because I have an arch-enemy in the Senate in Senator Roebuck. I think he is a very good man who is opposed to social changes, many of which I favour. I would be the first to say that although he has lived for more than 80 years he has not lost any of his ability. Indeed, in my opinion he is far superior to many of those much younger than he is, who sit in this House or in the other chamber. I hope that when I reach the age of retirement I will have the good health and the mental capabilities that Mr. Roebuck enjoys. If we pass this measure we are saying to Senator Roebuck: You no longer have a contribution to make. I think this would be stupid, particularly when there are others who, as my hon. friend from Port Arthur has said, had no capabilities in the beginning and will never have anything to give to the Canadian people. Though I may disagree with aspects of the proposal which

Senator Roebuck has made, I must acknowledge they have been worth-while and capably executed.

I am sure that age is not a satisfactory criterion of ability, and this is borne out by the records of some of our judges. If the Senate is intended to provide the opportunity to take a second, sober look at things, what we need in that institution is some thought of any description, and those who are capable of providing it should be given an opportunity of doing so. Some of those in the Senate who are over 80 years of age are attending their duties regularly. Why change the situation? I think the general public is well aware that many of the Senators are carried into that institution to fulfil the requirement which says they have to make an annual appearance or lose their right to sit and receive indemnities. We used to see this practised in the mines. We used to see miners brought there in casts, and held there so that they would not be able to obtain compensation. No one thought these miners carried in on stretchers were there for the purpose of mining. The only reason they were brought there was so the mine did not have to pay a penalty to the Compensation Board. I think perhaps this is what happens to some of the Senators that we have; if they were to be retired they would have to be kept by the political party which put them there, and the party is not prepared to do this.

• (5:30 p.m.)

The people of Canada are interested in our parliamentary institutions. They certainly are interested in the House of Commons, and I think we do not really have to say much about that because the Canadian public are going to do it for us. I think they will also look at the Senate and wonder why the Senate has not been able to eliminate some of the things which they think are wrong with this particular institution. I believe when they do this they will wonder about the method of appointment, and what this is for. We are all aware of the system that is used at the present time. We know that this is a retirement place for tired politicians, for defeated candidates, for others who have not been able to make the grade in the political field but have filled war chests of the political party which they support. I think it is safe to say that pretty nearly every Member of the House of Commons will be able to enumerate those Members of the Senate who have not been appointed on that basis. Let me say that there have been some who were not, but I think it is generally known by the Canadian people that the majority of the Senators were appointed on that basis. I believe this means that the Canadian public are interested and should have some say in what happens in any change in or reform of that institution.

We could make the Senate an elected body. I think that if you took this proposal as a referendum to the Canadian people, they would be opposed to it. I believe they would be opposed to it for the same reason they are upset about the operation of the House of Commons. They have one elected body that is not doing very well, so why get another? The general public would, I think, make short shrift of the idea of electing a second body. There is a third way in which appointments could be made to the Senate. It seems to me these could be made by the provinces. I really wonder whether the Liberal Government has given any consideration to this, because are the Provinces not running this Government at the present time? We have no leadership in Ottawa today. The Liberal Party is not giving it; it is going to the Provinces. Every time it has a major proposal to make, it goes to the Provinces and has a conference. We have had more Dominion-Provincial Conferences in the last few years than we have ever had before.

Some hon. Members: Hear, hear.

Mr. Boulanger: Very good.

Mr. Peters: They say, "Very good". I think the Canadian public are demanding that Ottawa make some decisions. To use an example, the Government said it was going to provide a good Canada Pension Plan for the Canadian people, so they went to the Provinces. What did they arrive at? They arrived at the lowest common denominator that could be accepted by the Province that least liked the Pension Plan, and agreed to the basic minimum that was possible. So the Canadian public did not get a decent Canada Pension Plan; they got the lowest common denominator that could be provided. This is not what they want in the Senate. They do not want anybody representing the Provinces in the other place. Had the Fathers of Confederation, who were faced with the autonomy of states at that time in the four bodies they were looking at with regard to Confederation, wanted representation directly, they would have said they wanted representation from the Provinces, by the Provinces to the Fed-

eral Government, rather than asking for representation in the Senate on another basis. Therefore I think the Canadian public are not interested in this suggestion. The Liberal Party will find out one of these days that the Provinces should not be running Canada, but the leadership should come from the Federal Government. If this was put before the Canadian public in the form of a referendum, I do not think you would find much support for an elected body in the other place. So I believe that provincial representation is not the answer—

Some hon. Members: Oh, oh.

Mr. Peters: —not even to the Members from Quebec, because they are having a great deal of difficulty in their own second chamber in that Province and have not been able to do anything about it.

Mr. Boulanger: This is not right.

Mr. Peters: I wonder how many times the Member who is making the interruptions, who wants to have Provincial representation in the other place, has given consideration to the objections that have been made by the Assembly in the Province of Quebec, and whether it has not been the policy of his party to set up a strong provincial organization that is not willing to be dictated to by their Upper House. I think he would be one of those that would agree—

Mr. Boulanger: Mr. Chairman, could I ask the hon. Member a question, please? I would like to ask whether he has read the last speech of their new co-leader in Quebec, Mr. Robert Cliché, with regard to the opinion he is stating right now.

Mr. Peters: No. He probably made it in French and I have not had the opportunity of reading it. I appreciate the question, Mr. Chairman, and I will read it and will be happy to comment on it another day.

Mr. Boulanger: You will be surprised.

Mr. Peters: Nothing in the Province of Quebec would surprise me, from anybody in that Province. I cannot really be surprised very much about anything that develops in that Province. I may be interested, and I may be in support, but I do not think I will really be surprised. Mr. Chairman, this leaves us with the last way in which the Senate can be reformed. I think maybe this is the lazy way, the easy way; but it sure as heck is one that would be worth while implementing. I refer to abolishing the Senate. We in the C.C.F., and now in the New Democratic Party, have always felt that the House of Commons was supreme; that this was the elected body; it was elected to do a job. It is not that we want people in the Senate, because if we had wanted them the offer has been made on several occasions and could have been taken advantage of; but we did not want representation in the Senate. However, we were always fearful, as I am sure the Government today is fearful and certainly the previous Government was fearful, of actions that could be taken by the other place that would thwart the wishes of the Canadian public. I believe this means that if the Canadian public were given an opportunity, as they should be, they would decide that changes should be made in the Senate of Canada and would support the idea of the abolition of that body.

When we say we want to abolish the Senate, it does not really matter what has happened in the past. If the Senate had proved its worth in recent years, and it has had the opportunity on several occasions, I believe, many of the Members of this House would appreciate what was being done. I heard one Member mention a few minutes ago something about the action the Senate took recently, which was the only one he could think of, in relation to tariffs. I think if he will check that particular matter he will find that the same type of legislation was introduced at a later date and there really was not any philosophical reason why it was being opposed, and that most of the proposals we made at that time are now implemented.

Mr. Moreau: Mr. Chairman, would the hon. Member permit a question?

Mr. Peters: Certainly.

Mr. Moreau: In the hon. Member's remarks concerning the Senate I believe he was referring to a provision in the class or kind legislation which was refused here and passed by the Senate. There was no provision for an appeal to be made to the Tariff Appeal Court. I am sure that on checking the facts he will realize that no such provision existed in Canadian law and the Senate did play a very useful role at that time.

Mr. Peters: Mr. Chairman, that matter was debated for some time in both this House and the other place. While I agree that they were able to provide a check at that time, I think this really does not provide the second, sober thought that we want in main-

taining that institution. On the other hand, many things have been done by the Senate, not the least being with regard to some of the problems that have developed in relation to the financial operation of the Senate and the presentation of Bills, and recently the fact that many of the Senators who had a personal financial interest in the legislation with which they were faced made a decision in terms of their own interest rather than in the interest of the Bills that were presented to them. The fact that the Senate, under a good deal of pressure from the political parties who had appointed its Members, and from other sources as well, were willing to reconsider the decision which they made was due partly to action taken in this House, where blanket support would not be given as suggested.

• (5:40 p.m.)

If the Government is interested in Senate reform I believe it has an obligation in other fields. I think the way the Senate has been treated by the House of Commons in the years I have been a Member of this chamber is a disgrace. How many times has the Minister who has introduced this Bill been aware of the fact that both the Senate and the Governor General or his representative has had to sit around and wait for the Members of this chamber to make decisions of great magnitude, involving large sums of money, and then be expected to pass the matter within a few minutes?

Mr. Moreau: That was because you were talking.

Mr. Peters: That may have been, but I would not have objected to waiting till the next day if the Members of the Government had thought that the Senators had been able to offer anything concrete or material to the discussion in this House. I would have agreed to allow them time to make their decision.

The Chairman: Order. The hon. Member's time has expired.

Mr. Howard: Mr. Chairman, may I make a comment of two or three minutes duration. Since I spoke yesterday I have listened with great interest to various remarks which have been made, noting particularly that no Member from the Liberal Party has had anything to say about the resolution before us, excepting the sponsor who spoke briefly. Nevertheless there has been expressed a variety of suggestions about ways to reform the Senate. We in this Party are fairly clear about our attitude toward the Senate, that it is not possible to reform it and that it should be abolished. But these other divergent views really reflect what people at home are perhaps thinking, and have been thinking for many years, about the Senate.

The suggestion has been made that the Senate might be an elected body entirely. There has been the suggestion that perhaps part of it be elected and part appointed. There has been the suggestion that it should be appointed to represent a particular economic or social interest in the nation. It has been suggested that it should be given certain work to perform, that Bills should be introduced there, that they should have Parliamentary Secretaries and that Senators should be members of the Cabinet. There have been a variety of suggestions which basically seek to make changes in the operation of the Senate so that it will become a useful and functioning unit within the parliamentary system. We have even had reference to articles written by Members of Parliament who are silent or absent at the moment. One Jean-Luc Pepin was referred to, as was John Napier Turner, who is probably on his way to Russia at the moment, or at least getting ready for the trip. They also wrote articles about the Senate, pretty stringent articles, and each came to the conclusion that the only way out was to abolish this useless and expensive appendage.

What I wish to suggest to the President of the Privy Council, who introduced the resolution and will probably be piloting the Bill through the House, if his activity at this stage is any indication, is that the Bill is a proper subject for study by a Committee of the House. In this way the divergent views which have been expressed here, and the views of anyone else in the Upper Chamber interested in either reform or abolition of the Senate, may be made known so that the entire subject matter can be dealt with at great length. Then when the Committee reports to the House it will have the benefit of discovering the attitude of Canadians from all walks of life in regard to the Senate. Then out of that course of action, even though our position is that the Senate should be abolished, there may be some meat which will help make the Senate a useful and functioning body within our parliamentary system.

Even though I would seek to abolish the Senate, because I really think it serves no useful purpose in society, except for the Cana-

dian taxpayer who pays the salary of Senators to enable them to go around and collect campaign funds for the party in office, I still recognize the fact that the Senate will not be abolished today or indeed in this session of Parliament. In fact, it will not be abolished for a long time to come, if ever, because regardless of which party may be in office, whether the Liberal Party or the Party to which I belong, we will still need the consent of the Senate to its own abolition, which looks like a pretty formidable obstacle to overcome.

Therefore I would suggest to the President of the Privy Council that he might be well advised to consider establishing a Committee. I do not know whether I would go so far as to suggest a joint Senate-House of Commons Committee because there might be some biased members on it if that course were taken. But if broad terms of reference were given to the Committee to examine the whole structure and functioning of the Senate in the hope that some report might be made to the House and subsequent legislation introduced which would be really worth while, that would perhaps be preferable to introducing a simple, insipid measure such as this, which attempts to retire Senators in the future at 75 years of age. I toss this suggestion out now before the debate concludes, which might be within half an hour, so that perhaps the President of the Privy Council could give an off-the-cuff answer to this proposal, and before second reading might be able to take some deliberative action to get this incisive study under way.

Mr. McIlraith: Mr. Chairman, I think I should answer that question now. The hon. Member is quite correct that I would not feel it appropriate to attempt to say now what will be done with the Bill after second reading, whether it would be dealt with by the Committee of the Whole House or referred to one of the Standing Committees or a special Committee. However, I will take that point under consideration and see that when we do come to second reading stage of the Bill I am prepared to give an answer.

There is one difficulty which immediately arises, of course. If the Bill were referred to a Standing Committee the points he has made could not be discussed before the Committee because on second reading the House would have passed on the question of principle and the matters he now raises would not be relevant to the clauses of the Bill before the Committee. I merely want to mention that possible difficulty at this moment; but I will be in a position on second reading stage to say whether or not the Government will consider referring the Bill to a Standing Committee.

Mr. Howard: If I might follow up my suggestion that the Committee be given broad terms of reference to allow a broad inquiry to be made, I would point out to the President of the Privy Council that in a previous Parliament the subject matter of some bills relating to the Northwest Territories was referred to a Committee and the Bills themselves retained their position on the Order Paper, to be dealt with following the report of the Committee. It is possible to do this sort of thing and to give a Committee broad terms of reference necessary for an in-depth or detailed examination, yet the Bill still retains its position on the Order Paper so that it may be then dealt with, or some other Bill introduced at the appropriate time in replacement thereof. So it is not an insurmountable problem.

Mr. Lloyd: Mr. Chairman, I was not going to speak on this matter but it seems to me there is a good point to be made by the hon. Member who has just spoken. I do not think we should be hidebound by rules and procedures when it comes to examining this matter. It seems to me, however, that this Bill is a forward step in fixing the age of retirement of Senators, and consequently we should pass it. But this House wants to get on with its business, and while it is doing so we should set up some kind of inquiry as suggested by the hon. Member as to the whole role of the Senate. It seems to me that these two courses of action should not be contingent one upon the other, but should be separate actions. One course of action should be taken immediately and the other should be a special inquiry into the role of the Senate.

In view of so many things which have been said in this House today about Senators, bagmen and the like, may I say from my position in this House that I am completely satisfied that a Committee is to examine the cost of elections. I will have nothing further to say until that Committee reports to the House.

• (5:50 p.m.)

I hope its terms of reference are broad enough so that when it examines the costs of elections it will have a certain sense of responsibility in discharging its duty, and will examine that question relating to the source of election funds in Canada, and related economics.

The Chairman: Shall the resolution carry?

Mr. Howard: Mr. Chairman, I am opposed and I want to indicate that opposition.

Mr. Knowles: On division.

Resolution reported and concurred in.

Mr. McIlraith thereupon moved for leave to introduce Bill No. C-98, to make provision for the retirement of Members of the Senate.

Motion agreed to and Bill read the first time.

NATIONAL HOUSING ACT

PROVISION FOR INCREASE IN ADVANCES TO CORPORATION

Hon. J. R. Nicholson (Minister of Citizenship and Immigration) moved that the house go into Committee to consider the following resolution:

That it is expedient to introduce a measure to amend the National Housing Act, 1954, to increase—

(a) from two and one-half billion dollars to three and one-quarter billion dollars the amount the Minister of Finance may advance to Central Mortgage and Housing Corporation for the purpose of making direct loans to borrowers to assist in the construction of houses and housing projects;

(b) from one hundred million dollars to three hundred million dollars the amount the Minister of Finance may advance or pay to the Corporation to make loans and grants relating to urban renewal schemes and to meet obligations incurred under urban redevelopment agreements;

(c) from fifty million dollars to one hundred and fifty million dollars the amount in the special account established in the Consolidated Revenue Fund out of which advances may be made towards public housing project developed jointly by the Corporation and a province or any agency thereof;

(d) from one hundred and fifty million dollars to two hundred million dollars the maximum amount the Minister may advance to the Corporation for the purpose of making loans for university housing projects; and

(e) from six billion dollars to eight and one-half billion dollars the maximum amount of all loans in respect of which insurance policies may be issued under the Act.

Motion agreed to and the House went into Committee, Mr. Lamoureux in the Chair.

At six o'clock the Committee took recess.

AFTER RECESS

The Committee resumed at 8 p.m.

The Chairman: It is my duty pursuant to provisional Standing Order 39A to advise the Committee that the questions to be raised at ten o'clock are as follows: the hon. Member for Danforth, and the hon. Member for York-Humber, the Canadian Centennial.

[Mr. Lloyd.]

The house again in Committee of the Whole on the resolution concerning the National Housing Act.

Mr. Nicholson: Mr. Chairman, hon. Members will recall that during the last session the National Housing Act was amended in several respects. Considerably more flexibility was introduced to increase the possibilities of housing for low income families, as well as for persons with special housing problems, including elderly people and people in other deserving categories. Urban renewal provisions were introduced to encourage not only conservation but rehabilitation of our cities and other urban communities. The earlier provisions of the Act for the clearance of slums and the redevelopment of such lands were extensively broadened.

It will be recalled also, I am sure, that in the course of the debate in May and June of last year, in response to requests that came from all parts of the House, I made a very positive statement and gave the assurance that we would embark immediately—by "we" I meant the officials of Central Mortgage and myself as the responsible Minister—would embark upon an educational program to ensure a wide and thorough understanding of the amendments that were passed in June last, more particularly an understanding on the part of municipal leaders.

Since these amendments became law in June, I have visited eight of the ten Provinces. I have spent a great deal of time in these Provinces discussing the more detailed aspects of the new legislation with provincial Governments and their officials and, in conjunction with the officials of the Provinces, with representatives of the various Municipalities. I was accompanied on these visits by the President and other senior officials of Central Mortgage and Housing. I think it can be fairly said that we worked as a team with a view to ensuring the widest possible knowledge and a thorough understanding of the said amendments and their possibilities.

Frankly, Mr Chairman, I have been more than pleased, I have been greatly encouraged, by the co-operation we have received from all the Provinces in which these conferences or symposia have taken place. I have been greatly encouraged also by the enthusiasm and interest that have been shown by Mayors, Reeves, Municipal Councillors and other Municipal leaders, and people who have been interested in housing and in urban renewal, in all parts of Canada. Actually, while we

visited eight Provinces, we had conferences in only six.

We started off in September in the Province of Nova Scotia. I think all Members who attended, and there were several Members of this House present, will agree that it was a very successful meeting. Premier Stanfield and his Cabinet colleagues joined wholeheartedly in the educational program in which we were engaged and we had two very useful days in Nova Scotia. Since the press communiqué that was released on that occasion is typical of communiqués that were released in the other Provinces since that date, it might be well to read it to the Committee. This is the communiqué that was issued by the responsible provincial Minister and myself:

> The discussions, which ranged over a wide variety of housing and related matters, were highly successful and provided new evidence of the need for a continuing and spirited attack on urban blight and the provision of low cost housing. They revealed, too, an enthusiastic response to the new legislation, and the steadfast intention of the Government of the Province of Nova Scotia and its municipal authorities to avail themselves to the fullest possible extent of the federal aids now afforded and to prosecute fully their efforts to resolve the vexing problems confronting them.

It was only a matter of weeks from the conclusion of that conference in Halifax when we received an application for an urban renewal study from the City of Glace Bay, which has since been acted upon. Others have come in from Nova Scotia. Within a week or so of the Nova Scotia conference, we were in Newfoundland. Indicative of the interest that was aroused at that time, the dynamic and enthusiastic Premier of that Province, Mr. Smallwood, and several Members of his Cabinet, together with the representatives of the Municipalities on the Island of Newfoundland and in Labrador, spent two full, two busy days with us. We now have a fairly complete survey of some areas, but in addition we have positive evidence of the success of the visit in that we have approved applications for urban renewal from St. John's, and other parts of the Island.

• (8:10 p.m.)

In November, the Minister of Municipal Affairs of the Province of Alberta and I were invited by the Union of Municipalities of that Province to attend their annual session in Lethbridge. I was accompanied by the President and other senior officials of C.M.H.C., and I think it was a most fortuitous arrangement because we had the Mayors and senior officials of almost every municipality in Alberta present on that occasion. It afforded a wonderful opportunity for us to outline and explain the possibilities of the new legislation. I am very grateful to the executive of the Union of Municipalities of Alberta for their kind and timely invitation.

Shortly before Christmas we were in Toronto and several Members of the House from three or four of the parties were present on that occasion. We had representatives there totalling some 600 people from Southern and Eastern Ontario. This was followed by a meeting in January, in Vancouver, of the municipal and provincial leaders of the Province, representing the government and the cities and towns of B.C. Then, in the latter part of January we had a further meeting at Sault Ste. Marie where the provincial Ministers concerned were joint hosts with the Federal Government. The meeting was attended by representatives of most of the towns and cities of Western and Northern Ontario.

I am pleased to announce that another symposium of the same nature will be held in Charlottetown on May 8, still another in Fredericton, New Brunswick on May 10, and on May 29 there will be a similar one at Winnipeg, and on May 31 at Regina. These will round out visits to all the Provinces.

In every case the Provincial Governments have joined with the Federal Government in invitations to the Municipalities to attend, and they have participated enthusiastically in the discussions, which I feel have been very fruitful. I might add that following each and every one of the conferences that have been held we have conducted intensive education programs in conjunction with the provincial authorities, with a view to educating, or perhaps passing on would be a better term, to the Municipalities information regarding the possibilities of the new legislation.

The response of the Provinces, in the form of provincial legislation to implement the legislation that this Parliament passed in June last, has been timely. Legislation has now been passed in Alberta, in Saskatchewan and in Manitoba it is before the respective Legislatures. In fact, the Manitoba Bill may have gone through today.

Similar legislation was passed last year in Ontario, New Brunswick and Nova Scotia. In Ontario, the Ontario Housing Corporation has come into being and it has done a magnificent job in the eight or nine months that

have elapsed since their complimentary legislation was passed.

By the end of last month, as a result at least to some extent of this educational program and other educational moves that have been taken, Federal contributions were requested and granted for a total of 60 urban renewal studies. That is the initial step which leads to a program of area development, rehabilitation and conservation in our cities, and I think the groundwork is now being laid that will show that a nationwide campaign is under way to reclaim and modernize vast sections of our towns and cities. I am sure hon. Members will appreciate the potential impact of this demand that is coming from all ten Provinces for Federal financial assistance.

Grants for the preparation of definite urban renewal schemes, first provided for in last summer's amendments, have already been made for ten renewal projects. These proposals range from a five-acre scheme to improve traffic conditions in Burnaby, B.C. to a vast 1,000 acre renewal undertaking planned for the City of Hamilton. I might say I think the Hamilton scheme is the most imaginative, most comprehensive and most carefully thought out of any brought to my attention during the past year. Other centres currently preparing renewal schemes include Moncton, St. John's, Sudbury, Trois Rivieres, Windsor and Vancouver.

Since June last, the Federal Government has also undertaken to assist two municipalities in the implementation of schemes actually approved earlier. The first involves a contribution of $4.4 million to Hamilton to acquire and clear some 30 acres of land in an over-all renewal project of some 270 acres in the north end of that city. Through this form of assistance the Federal Government will share as well the cost of undertaking an extensive municipal works and services program that must complement the urban renewal scheme. The second grant, which is approximately $2 million, will enable Vancouver to acquire and clear 28.5 acres in three separate renewal projects in the east end of the downtown section of the city, partly in the riding of my hon. friend from Vancouver East. Grants for the servicing of renewal projects undertaken earlier in Kingston and Ottawa have also been authorized.

As you are aware, Mr. Chairman, last summer's revision of the Act also introduced new and substantial assistance to aid Provinces and Municipalities which wish to undertake public housing for low income families and individuals. As an alternative to the usual joint Federal-Provincial partnership arrangements for such projects, Provinces and Municipalities are now offered long-term loans equal to 90 per cent of the costs involved for this type of development.

This new form of Federal aid has attracted wide attention throughout the whole of Canada, but especially in Ontario where their new Housing Corporation has embarked upon an ambitious program aimed at providing a minimum of 12,000 loan-assisted public housing units within the next three years. This Provincial Corporation is now engaged in evaluating the need for this type of accommodation in Municipalities throughout Ontario. Discussions have already commenced with officials of Metropolitan Toronto and 37 other communities for approximately 4,500 units. As provided in last year's amendments, the Federal Government has also undertaken in each case to meet one half of any losses sustained in the operation of these public housing projects.

• (8:20 p.m.)

While this new program gives promise of making a substantial contribution to the supply of sorely needed public housing accommodation in Canada, the past nine months have also seen an upswing in the number of projects authorized for development under Federal-Provincial partnership arrangements, which have been in force for some little time. During this period agreements have been signed for eight such projects, which will provide a total of 1,031 units and require an investment of approximately $10.5 million of Federal funds. Two developments approved for Vancouver will consist of a total of 564 units, while 211 dwellings are proposed for St. John's and 184 for Halifax. The remaining four projects will be in Kingston, Hamilton, Oshawa and Swift Current. Augmenting the increasing volume of public housing activities there has been marked interest in the new provisions of the Act authorizing 90 per cent loans to non-profit corporations for low-rental accommodation. These loans can be used for the construction of dormitories and hostels as well as for self-contained family units.

There is another aspect of last year's amendment to which I wish to refer. Hon. Members will recall the aid given for housing on university campuses. Each year has seen increasing demands made for Federal assistance for university housing projects. In 1964 alone, loans amounting to almost $40 million

were authorized for projects accommodating some 7,200 students. A further $10 million was committed in the first three months of this year and new proposals have been received by Central Mortgage and Housing Corporation for projects involving an additional $5 million.

Since the inception of this program only four years ago, Federal funds in excess of $120 million have been extended under the Act for 103 university housing projects which will provide on-campus accommodation for more than 24,000 resident students. I hope Members of the Committee will agree that we have not been inactive—when I say "we" I am referring mainly to the efficient and dedicated officials of Central Mortgage and Housing Corporation—in our efforts to ensure that the provisions of the National Housing Act are fully and thoroughly understood and implemented in the way this Parliament intended when it passed the amendments.

With this statement as background and in view of the fact that so many provinces and municipalities have already evinced an interest to the point of taking action, it is readily apparent why the present resolution is now before this committee. As for residential construction, in the past year it reached a level never before recorded in Canada. The figure of 165,658 housing starts financed from all sources was 11.5 per cent higher than the previous year. There were 150,963 dwelling units completed in 1964, surpassing by almost 18 per cent the number in 1963, and at year end there were 107,718 units under construction. All three of these figures were greater than those in the previous record year of 1958. Under the National Housing Act overall lending activity in 1964 covered 55,640 units. Of these units, 28,681 involved direct loans made by Central Mortgage and Housing Corporation. Most of the direct loans were in support of the Winter House Building Incentive Program which, Mr. Chairman, has been eminently successful in providing increased winter employment for the building trades—

The Chairman: Order, please. I have to interrupt the Minister to point out that his time has expired. Has he the consent of the Committee to continue?

Some hon. Members: Agreed.

Mr. Nicholson: I thank the Committee sincerely. I do not think I shall be very much longer. This program was very successful and during the winter season of 1964, 35,000 dwellings will be constructed, an increase of 7,000 over the previous year.

This resolution contains no new principles of aid for housing or for urban renewal. It does not alter the operative parts of the present Act. It is intended solely to refurbish the exchequer and if these additional funds are not made available we shall not be able to carry on for long the ambitious plans which are contained in the legislation.

There are five clauses or subparagraphs in this resolution and I will deal with each of them briefly. I think it might be helpful for any Members of the Committee, who are using and following the Act, to refer in particular to the fifth paragraph, paragraph (e) where we ask for an increase from $6 billion to $8.5 billion with respect to insurance policies on houses. When C.M.H.C. makes loans to approved borrowers, an insurance policy comes into effect and the Corporation carries the insurance. We are asking for an increase amounting to $2½ billion. If hon. Members keep in mind some of the figures I gave to show the extent of the increase in housing activity they will realize that this is none too large an amount to carry us through the next two or three years. Section 13 of the present Act limits to $6 billion the amount of mortgage loan insurance which C.M.H.C. may issue. The funds of the Corporation are not completely exhausted. However, at the end of last year the Corporation had issued mortgage insurance amounting to $4.4 billion and in addition it had made loans representing about $1.8 billion in mortgages. So we are up to approximately $6.2 billion.

The first clause of the resolution provides for an amendment to section 22(1) of the Act. This subsection now limits to $2½ billion the amount which the Minister may advance to Central Mortgage and Housing Corporation for the purpose of making direct loans for construction of houses and housing projects. Advances to date and commitments against which advances are to be forthcoming now amount to about $2.3 billion. So we shall need more money within a matter of weeks or months. As these advances are now running at a rate of more than $300 million a year the Corporation stands to exhaust the present authority well before the year's end. The proposed increase of $750 million under this authority is expected to last from two to three years.

Clause (b) is intended to pave the way to amend subsection (3) of section 23E of the present Act. This provision places a limit

on the amount that the Minister may advance to C.M.H.C. for making loans and grants under the urban renewal and urban redevelopment provisions. The limit at present is placed at $100 million plus any amounts which may from time to time be approved by Parliament. Last year we inserted in the amendment a figure of $100 million. Some of the Members of the Committee asked where that figure came from and I explained at that time that the Government felt it was a good round figure to start with, but that if there were indications that more money would be needed we would come back to ask Parliament for that money. We are now back, and we propose an increase of a further $200 million, a total of $300 million.

• (8:30 p.m.)

Clause (c) of the resolution is intended to cover a proposed amendment to section 35A(5) of the Act. The present subsection places a limit on the amount, which the Minister may advance to Central Mortgage for meeting its share of capital costs and operating losses under Federal-Provincial agreements for public housing projects. The limit now stands at $50 million, plus any amounts that may from time to time be authorized by Parliament. It is proposed by the amendment to increase the $50 million amount to $150 million. This authority, like the previous one, contemplates an annual return to Parliament to provide additional funds. However, with the Federal-Provincial partnership having to plan two or three years in advance it is not particularly satisfactory to have a limit which covers one year only. The increase is intended to cover a period of two or three years.

Finally, Mr. Chairman, clause (d) of the resolution is intended to lead to an amendment of subsection (2) of section 36C of the Act. That section now authorizes Central Mortgage and Housing Corporation to make loans for university students up to an amount of $150 million. As of the beginning of this year only some $41 million of this authority remained uncommitted. It is proposed under the amendment to increase the authority to $200 million, which it is estimated will be sufficient for the next two or possibly three years.

Mr. Chairman, the proposed monetary increases outlined in the resolution will, I believe, ensure that the National Housing Act will continue as a vital legislative instrument to materially assist the urban growth process, to aid our lower income families, and continue—perhaps I should say, strengthen—the tradition of close and effective co-operation

[Mr. Nicholson.]

in housing and allied matters among Municipal, Provincial and Federal Governments.

Mr. Hamilton: Mr. Chairman, first I would like to thank the Minister for giving us the review of last year's operations of Central Mortgage and Housing Corporation; then I would go on to point out that no Act of recent years has ever been put on the statute books, in my opinion, that has accomplished more, with the support of all parties, than the National Housing Act. In the ten years this Act has been in existence it has been amended eight times, twice by the Liberal Party and six times by the Progressive Conservative Party. This Act has been used by both parties in the Federal Government to take a part in the economy of Canada which I do not think could be matched by Provinces working entirely by themselves. This Act is one of the classic examples of why the initiative in the economic field should never be lost by the Federal Government, because no Act, as I said earlier, has achieved as much as this one.

I would like to point out in passing that during the period we were in office we faced two recessions. I would suggest that of all the measures that we put into effect, whether it was loans to farmers, loans to small businessmen, export credits, tremendous programs of public works, etc., none achieved the results equal to the work that was done under the National Housing Act. I cannot give the Committee the precise number of billions of dollars that we used during that period, but I can remind the Committee that the construction industry is one of the most important and one of the most sensitive that we have in Canada in affecting the national economic health. I think the Act, being passed in 1954, amended in 1956, six times in the years we were in power, and then again last year, is indicative of the fact that we are still learning how to use this Act. The report of the Minister of how he has visited most of the Provinces and carried the knowledge of what this Act can do to not only the provincial representatives but the representatives of Municipalities and organizations is a very important part of the work that should be done under this Act.

In passing, Mr. Chairman, I would like to pay tribute to the late Stewart Bates, who served under Ministers like Hon. Bob Winters, Hon. John Garland, Hon. Howard Green, Hon. David Walker and Hon. Davie Fulton, as well as the present incumbent. I think the Minister would share

with me the feeling that the work of Stewart Bates and all those around him has helped Governments, regardless of which party was in power, tremendously in the carrying forward of the administration of this very important legislation.

Some hon. Members: Hear, hear.

Mr. Hamilton: Mr. Chairman, I am not going to deal at great length with the actual, precise work that has been done under each section of the Act, but I am going to say at the beginning that I do not believe anyone in the House will be in opposition to the resolution before us this evening to make available to Central Mortgage and Housing Corporation the amount of money necessary to do the jobs laid down under the eight sections of the Act. However, I do want to point out to the Minister some of the feeling of the Opposition Party called Progressive Conservative. We have been looking at this legislation, and we know the legislation has to be constantly changed to meet the rapidly changing conditions. I would like to put before the Minister on behalf of Her Majesty's Loyal Opposition four or five suggestions which might be of value to him in discussing the changes that can still be made in future amendments to the legislation.

Regardless of how much good this Act has done, we must face up to the fact that there are still gaps that remain unfilled. It is to these gaps that I wish to direct my attention. The first gap to be filled is in regard to what can be called substandard housing. I know that under the Act this can be dealt with under the public housing section or under the home improvement section; but I would suggest that in this field of substandard housing, which can be described as housing which is going downhill, there is an area where much more can be done. There is a reluctance on the part of the Federal Government, I know, to move any stronger into this field because it has connotations which are provincial. To keep the record reasonably clear I would like to take the liberty of putting on the record one or two clippings from the press that were published after these conferences which the Minister attended. The first one will be from the Toronto *Star* of December 18, 1964. I will read these quickly to show that this problem is a real one. This article was written by a staff writer, who says:

> The Federal Government will consider legislation to make home improvement loans available for major renovation of existing dwellings in its next round of amendments to the National Housing Act.

This is the next paragraph, which goes on to say:

> Postmaster General John R. Nicholson offered the possibility to a joint federal-provincial symposium on planning, public housing and urban renewal here yesterday.
>
> But he said the Provinces would have to express the desire for an extension of home improvement assistance, the ultimate responsibility for housing being a provincial and municipal affair.
>
> For all our talk and efforts, nearly 100,000 Canadian families live under housing conditions that are appalling—a disgrace to the communities they live in, he said.

Then quoting the Minister:

> "They cannot find other accommodation on the open market at rents they can afford, and 20 per cent of all dwellings have "very primitive bathing and toilet facilities".
>
> He listed redevelopment, rehabilitation and conservation as the means of halting this "despair".

On the same date in the *Globe and Mail* I read this, also written by one of their staff writers:

> Postmaster General J. R. Nicholson, the Federal Minister responsible for housing matters, made it clear during a symposium that ended in Toronto yesterday that he opposes extending National Housing Act loans to all houses.
>
> N.H.A. loans are available on existing houses in urban renewal areas. Although the house-building industry and real estate boards have been urging governments for years to make N.H.A. loans available on all houses, Mr. Nicholson said at a press conference that he could not support such a step.
>
> • (8:40 p.m.)
>
> The argument in favour of N.H.A. lending on existing houses has been that it would encourage purchase and rehabilitation of many houses in areas where blight is beginning but can still be checked.

I read those quotations from the two Toronto dailies to show the confusion which can arise in the minds of writers covering the same event.

I now read from a local paper, the Ottawa *Citizen* for December 26, an editorial which appeared on that day:

> There will be broad dissatisfaction over the statement by Postmaster General J. R. Nicholson, the Federal Minister responsible for housing matters, that he is opposed to the extension of National Housing Act mortgages to all houses.
>
> N.H.A. amendments now being implemented are certainly a step in the right direction. They provide for loans, guaranteed by Central Mortgage and Housing Corporation, on the purchase of older houses in designated urban renewal areas. But N.H.A. mortgage provisions still do not cover the purchase of existing homes on a general basis.
>
> Mr. Nicholson said that action to permit loans on existing houses might be opposed by the Provinces, which have the power to reject N.H.A. amendments in this field. But it would be interesting to learn what steps if any, the Minister

has taken to determine the views of provincial leaders on this matter.

Then, missing a paragraph, the article continues:

Mr. Nicholson has placed emphasis on the needs to rehabilitate the older parts of cities—and understandably so. A move by the federal government to permit N.H.A. mortgages on the purchase of all existing homes would do much to serve this end. At present, development is encouraged in the suburbs rather than in urban areas because of the location of vacant land. Couples unable to make the high down payments required on new homes could buy older houses in the downtown areas if the right N.H.A. amendments were made. These same people could be expected to make improvements to their properties.

I quote those two articles and the editorial, Mr. Chairman, not to contradict what the Minister has said but to show that there is still a gap to be filled. I do have another clipping from the *Globe and Mail* which deals with the same subject, but I do not think it adds anything to what I have said.

Therefore, Mr. Chairman, I suggest that this is one gap to fill which may require not only amendment perhaps of the National Housing Act but even greater education, direction and persuasion of the provincial Governments to enable them to take action in this field. Because many of us know from personal experience that there are large areas in our urban centres where it would be better economics to repair houses and build them up to modern standards than to move the people living there into suburban areas, trying to relocate them in that way. This has been the experience of many cities in North America. One of the classic examples to be found is Pittsburgh, not very far away from the area where this symposium was held. In Pittsburgh a good deal of attention was given to the rebuilding of older homes, thereby putting an end to substandard conditions, as a cheaper and more economical way of dealing with the question of housing in large cities.

The second gap, which is very noticeable, in housing legislation in Canada is that there is no provision for those people who want to upgrade their homes. Upgrading can be defined in various ways. A classic example is the case of the young couple who buy a home with two bedrooms with the expectation that they will be able to live in it for 20, 25 or 30 years until their children grow up. But their plans do not quite turn out as they expect and a few years later, after they have started paying off their mortgage and building their environment around this particular home, they find children have come along and they require a four bedroom house.

When such a family has to move to a four bedroom type of accommodation they are caught in two ways. First of all, what are they going to do about the equity which they have built up in their home? How do they get rid of the mortgage they already have on the home? Second, they have to accomplish this within some reasonable period in order to be able to start building their new home. I could dwell on this point for some time, Mr. Chairman, but I think I have made my point, which is that this is a gap which does exist so far as the needs of our people in the cities are concerned.

A similar, related type of problem is where a family has to move from one city to another because the firm who hires the husband has transferred him. Once again the husband is up against two difficulties, one of getting his equity out of his original home and getting started on paying for the second home; and there is the difficulty that he incurs real estate fees in getting rid of his first home and more real estate fees in buying the new one. This imposes a heavy burden on any person transferred in such a situation, or who is required to move from a two bedroom house to a four bedroom house. I suggest to the Minister that this is a gap which it would not be too difficult to meet. There are precedents in regard to the question of resale of house mortgages, and so on. As far as I can discover from the Act this particular difficulty is not provided for.

The third gap in the legislation is in the matter of urban renewal, which is probably the most exciting part of the new legislation. I know that when we were in office we put in the sections which provided money for cities to look at the problem, study it and begin to work out a plan. We also got ready to move the amendments which the Minister had the honour to move last year, so there is no question of not being willing to move with the times. My contribution to the debate on the matter of urban renewal will be on a wider scale, I think.

I am not quarreling with what the Minister and his officials are doing in this legislation; I think it is good. But I do think that the officials themselves sense, and as I read the words of the report issued last year they know that there is something wider which must be done. Urban renewal is not a matter of just clearing out worn-out parts of a city and rebuilding them with either residential housing or industrial plants or

providing park areas. Urban renewal must be part of an over-all plan for a community. This is dealt with in one sentence of the report, and I think the idea has to be extended so as to tie it in with metropolitan planning.

• (8:50 p.m.)

The day is over when any city thinks it can set up a parks board to plan parks; that a city can set up a transportation committee to plan transportation in the city; that it can set up a body to deal with education and plan for new schools; that it can set up another committee to deal with social welfare services and to provide all the other things necessary in a city. The whole planning operations of cities must be brought together into a co-ordinated activity. We must look ahead, not just for two or three years but for decades. If a city of 500,000 people is involved the citizens must visualize this city as one of a million, a million and a half or two million people. They must visualize the responsibility which they have for that area, and in addition the responsibilities they have in respect of the surrounding areas which depend upon that city. They must consider these responsibilities as well as their own direct constitutional responsibilities within their own boundaries.

Mr. Chairman, that is the concept of modern metropolitan trends which now occupies the thoughts of leaders in North America. The proof of that statement lies in the fact that during the past five years three universities in the United States have established urban sections to their post graduate programs. These graduate sections are concentrating on problems of urban living and development. The first thing they have found is that any city in the course of developing from 100,000 to 500,000 people, or from 500,000 to 1,000,000 people, or from 1,000,000 people to 2,000,000 people makes exactly the same mistake as other cities have made which have gone through these same growth stages.

As a result of the studies made by these graduate schools in the United States, we are beginning to learn that one of the greatest wastes of a modern industrial state is not the result of planning on the part of the Federal-Provincial Governments, but because of the lack of over-all directional planning at the urban level. These mistakes are exceptionally costly, running into billions of dollars. Recently a Toronto newspaper headline referred to a one billion dollar bungle. Apparently a one billion dollar arterial highway program was completed, at which time it was found that it was built in the wrong place. Similar mistakes have been made by almost every other city in the world which has gone through these same growth stages.

I am suggesting that under this urban renewal program and other programs dealing with research, the administration of the Act has the power to go far beyond anything that has been done to date in working with these cities to give that leadership in respect of over-all planning that they must have in looking to the future.

If anything I have said is offensive to any city in Canada, or for that matter in the world, I accept full responsibility. These cities have made a tremendous effort to improve planning over the past 20 or 30 years. However, this final step must still be taken and I suggest to the Minister that in that final step the Federal Government, through the officials who administer Acts such as the Central Mortgage and Housing Corporation Act, has a great part to play in carrying forward that initiative which it has developed over the past ten years, in order to move into this new stage of reducing costs for the development of metropolitan areas which has been so sorely lacking in the past.

The next gap to which I should like to refer, and this is perhaps the last one I can deal with during the time at my disposal, relates to the subject of ownership, not only of farms but of homes and resources. One of the great dangers of this modern industrial growth and urban development is related to the recent trend toward rental type accommodation. This type of trend is unsound in a democratic country which prides itself in offering every citizen the opportunity to own a farm, a home or to partake in ownership of resources. I think the obvious answer to this problem has been shown by private enterprise which has made available, in many communities in the world, including Canada, an opportunity for people to build up an equity in apartment blocks. I believe this Act could be easily amended to create that type of incentive to Canadians to acquire ownership or equity in the apartment blocks in which they live.

The Chairman: Order, please. Has the hon. Member leave of the Committee to continue beyond his allotted time?

Some hon. Members: Agreed.

Mr. Hamilton: Thank you, Mr. Chairman, and Members of the Committee. I think I will

only require three more minutes to complete my remarks.

I would point out that the Act could easily be amended to allow for encouragement in ownership of apartment blocks. In this regard, as well as in respect of ownership of homes, they must give consideration under other legislation to the provision of some relief in the way of taxes on real estate. Several suggestions have been made by my leader and various real estate boards and associations across this country in respect of exemptions of taxes on municipal properties by way of changes in Federal income tax exemptions. Perhaps consideration could be given to placing high on the priority list of exemptions the interest paid on mortgages by individuals purchasing homes. I hope the Minister will give some consideration in this regard in his attempt to develop encouragement in the ownership of homes and apartment blocks. I mention this because of its vital importance.

Mr. Chairman, I have several documents before me including clippings and editorials which touch on this subject, but rather than read them specifically let me say there are many, and I urge the Minister to read them.

The next gap in this proposal is related to the development of isolated areas in Canada. No consideration is given specifically to those developments which take place around mining sites. A good example of this is the difficulty which the Central Mortgage and Housing Corporation has experienced in respect of the Elliot Lake area. Another example is the new development taking place around Pine Point. Not only are there new mines being developed there, but a new smelter is to be developed very soon. This development will result in a population growth of 10,000 to 20,000. Surely there should be some special type of arrangement made for the financing and developing of areas of this kind, so that if the area is closed down in ten to 40 years an amortization plan can be worked out whereby the Central Mortgage and Housing Corporation will not be stuck too severely, and the people who move into these areas will not be penalized. This same concept should apply to areas which develop around factory and industrial sites where many hundreds of people are engaged in these operations. We must find solutions to many of these problems so that the equity which is built up by individuals moving into these newly developed areas can be picked up, relieving them of any penalty they would otherwise suffer. The same thing applies in reverse when factories close down.

It is not clear whether these problems should be solved entirely through amendments to housing legislation or in co-operation with programs of the Department of Industry, but they certainly are worthy of consideration and solution.

The sixth and final gap I see in this legislation relates to increases in land value. At this time people living outside cities may purchase lots for $500, for example. Following growth and development of these areas, these same lots increase in value to as much as $2,000. This means, of course, that late comers to the area must pay $2,000 for these lots before making down payments on homes. It is my belief that this question of increasing land values in areas surrounding cities is of vital concern to Governments. Governments must realize that if we are to have proper metropolitan planning we must know in advance where our cities are going to develop, and obtain these lands so that prospective home owners will not be subjected to tremendously accelerated land values.

I am sorry I do not have sufficient time at my disposal to deal at length with these various insufficiencies of the legislation, but I hope the Minister will give consideration to the gaps which I have outlined. I hope the Government will bring to the attention of the administrators of this Act those areas which I have suggested which could be developed and improved.

Mr. Martin (Timmins): Mr. Chairman, I listened with interest to the cheerful and optimistic statement made by the Minister this evening, and it is obvious that if one did not look beyond the surface of his report he would be encouraged. However, if one takes the trouble of scraping below the surface of this report, he will realize the various problems with which the Minister and his Government are confronted, and perhaps realize that the Minister is attempting to make a virtue of a necessity.

As we in this Party have done before, I should like to urge the Prime Minister to make the national housing administration the responsibility of a new Cabinet Minister. In looking at the figures mentioned in this resolution we note that there is to be a $750 million increase, a $200 million increase, a $100 million increase, a $50 million increase and a $2,500 million increase. Clause (e) mentions an increase from $6 billion to $8,500 million which is equivalent to the entire

budget proposal by the Minister of Finance. Surely this job is of such a magnitude that it should be the full responsibility of one Minister.

I realize that the present Minister is a very capable man, one of the most capable in the Cabinet. He has become known in certain circles as "Mr. Clean". He has risen from the rather modest position of Minister of Forestry, after getting that Department going, through the Post Office Department, which was put under his charge after the former Minister was promoted to that other place, to the Department of Citizenship and Immigration, which was an almost daily embarrassment to the Government. In addition to his responsibility in respect of the administration of the National Housing Act, he has responsibility as the Minister of Citizenship and Immigration and as the Minister of two or three other portfolios.

• (9:00 p.m.)

It leads me to believe, Mr. Chairman, that this Government just does not take this particular problem very seriously. They think that this National Housing Act, with all its ramifications, with the fantastic job that it is forced to do today, can be looked after by a Minister who is looking after three or four other departments. I question whether or not the Government have really got their eyes open as to the extent of this problem. I suggest the Prime Minister look around, search amongst his ranks, for a suitable replacement to take the load of these other portfolios off the Minister and put him full time in this particular field. If he cannot find any suitable persons amongst his cohorts, the practice has been long established whereby he can appoint other people.

I am sure, Mr. Chairman, it was only because of the tremendous load of work that has been placed on this Minister that on two successive days he was caught making completely contradictory statements. I might say, Mr. Chairman, that the hon. Member representing the Conservative Party and I seem to be using the same material for our speeches tonight. It seems to me we have brought this House a long way when that happens. However, I must say it is very comforting for us to see this development.

In a recent article in the *Globe and Mail*, dated December 17 of last year, the Minister stated that nearly 100,000 Canadian families lived in appalling housing conditions which were a disgrace to their communities. This is true, Mr. Chairman, but it is a disgrace to more than the communities. This is a responsibility not only of the communities but of the Provinces and of this Federal Government. The disgrace must be shared equally by all three. Having said this, we were very surprised the very next day to see a report in the *Globe and Mail* in which the Minister was quoted as saying he was opposed to National Housing Act loans for old houses. The reason he gave, and this is in quotation marks was, "lending for improvement of houses is the function of the private part of the economy". Surely, Mr. Chairman, if the Minister was not so loaded down with work, if he had the time to sit down for five minutes and really think about this, he would realize that if this is a job for the private part of the economy they have failed dismally in that job over these years. It is only because of that failure the Government is finally being forced into this field to try to correct the situation.

As I say, on December 17 the Minister appeared to have some grasp of the situation when he said that a comprehensive program of conservation must be undertaken to check blight because demolition is the wrong approach in areas where decline is starting to show. In the face of that statement, how can he turn around the next day and say that lending for the improvement of houses is the function for the private sector of the economy? When the private sector has failed so dismally, how can he hang on to this idea that this is still the solution? How many years of failure does it take before he realizes that this is not the solution and never has been? We have even more double talk.

I sometimes wonder if this apparent confusion, this foggy thinking, is not one of the factors that has contributed to the problem we are now facing when we are finally trying to cope with this problem. In the article of December 18, the same one in which the Minister was quoted as being opposed to National Housing Act loans for old houses, another gentleman, Mr. Donald Guard, planning director of the City of London suggests that some better name be found to replace such terms as urban renewal or redevelopment. The article reads, in part:

> He felt such terms put some kind of stigma on an area. Residents panic when the label is placed on their district, he said. Mr. Cumming said that if a better word can be suggested, it would be adopted. There may be some persons who object to having their district tagged an urban renewal area, he said, but there are others who simply do not want to face the fact that their area is deteriorating.

You see, Mr. Chairman, this strange feeling that they seem to have, this apprehension

toward an attempt to improve the living conditions of the people. I would say that, to some extent, it is caused by this foggy thinking, this double talk, by statements one way one day and directly opposite the next.

It should be no news that the Minister announced last fall that 100,000 houses needed improvement. If we look back to August 28, 1962, we find the same statement being made then by Mr. E. W. Dempster, who is chairman of the board of the zoning and legislation committee of the Toronto Real Estate Board. He mentioned then that at least 100,000 houses needed maintenance repairs to avoid costly urban renewal projects by public authorities. Now, we find the Minister saying the same thing some 28 months later. This would appear to me to be nothing more nor less than an admission of complete failure in this field up to date. The Minister admits that there has been no improvement over the last 28 months.

What of the future? To what can we look forward? First of all, I would suggest anyone interested in this subject could do no better than to read a report entitled, "Housing for Canadians". It is a report by Mr. James A. Murray, a professor at the School of Architecture, and was made after a two-year study of public housing which was paid for by the Federal Government and the Ontario Government jointly. This report sets out a certain number of requirements in the housing field and, as I say, it was made after a two year study in this field. It revealed some rather terrifying prospects ahead for this country and for this Government, which has the responsibility. It says that from 1961 to 1981 we are going to need one million subsidized units for low income groups and elderly people. We are going to need another million housing units for the moderate income group, $3,000 to $4,500 a year, people who can pay an economic rent as long as the Government provides the money at cost for capital expenditure. Again, according to this report, in the last 15 years in this field we have only built 42,000 units.

Now, Mr. Chairman, a little simple arithmetic shows us that to meet this problem in the next 15 years we are going to have to do 48 times as well as we did in the last 15. In the Budget Papers presented by the Minister of Finance the other night, page 21, we find the following:

> Housing and Social Capital.
>
> Expenditures on new housing in 1964 increased nearly 19 per cent over the previous year. This increase was as large as that realized during the three-year period 1960 to 1963.

[Mr. Martin (Timmins).]

• (9:10 p.m.)

I would say a 19 per cent improvement on nothing is still not too far from nothing, in the face of the problem set forth by this housing study. It goes on to say:

> The chart of population by age groups shows that there are rapidly increasing numbers in the 20-24 and 25-29 age groups who normally establish in their own households. In addition, higher incomes in general have permitted "un-doubling" of composite families, with older members and relatives apparently able to afford accommodation of their own. These factors may account for the rising proportion of apartments and multiple units which now amount to over 50 per cent by volume of all new housing construction.

This report goes on to say that people who can afford to pay for housing will need another 2 million units in the same period of time. I am sure the Minister realizes this because he has travelled the country from coast to coast and has met with people interested and concerned in this field. He must realize what a staggering job lies ahead.

So far as the present amendments are concerned, they are only a drop in the bucket, and long overdue. We will support them, in fact we would support them if they were ten times the size they are now, but even then they would not begin to cope with the problem.

Dealing with the amendments we passed last year, which were similar to the present ones, Professor Murray said in his report that—

> —to supplement these subsidized housing programs, a large moderate income "full recovery" housing program was also necessary. With this conclusion we are in the fullest agreement. Unfortunately, the recent amendments to the N.H.A. provide no special incentives for launching such a program.

In other words it has not even yet scratched the problem.

I have not got the time to go into greater detail. One matter we have to deal with is the over-all age problem across the country. If we go into regional areas we will find these problems in many towns because in some they need old age units and in other areas there are younger populations in the districts. Possibly we will have time at some future date to deal with that facet of the problem.

One other matter I would like to deal with before my time runs out, is again one that was touched on by the hon. Member for Qu'Appelle but unfortunately, as Conservatives and Liberals have tended to do over the years, when they touch a problem like this they just skip over the top of it and do

not get down into the heart of it. This again is one of the millstones that is holding back any sensible, comprehensive housing program across the country, and it is the matter of land speculation.

In the same article of August 28, 1962, Mr. Gavin Henderson, the executive director of the Conservation Council of Ontario, had this to say on land use:

> It is largely the widespread speculation in land over the last 15 years or so coupled, of course, with outworn assessment practices, that has been responsible for the appalling waste of some of the best agricultural land in the province. Because land speculation can have such a powerful and detrimental effect on the social and economic welfare of both present and future generations, a revision of our attitude toward this activity is, I suggest, long overdue.

Before he closes this debate I would like the Minister to tell us if the Government has even recognized this problem, let alone taken any steps to try to meet and overcome it. There is certainly nothing in this resolution that we can see to deal with it. There is legislation to come before us under ARDA to try and overcome some of the problems we face in rural areas. We have a trend which is world-wide, not only country-wide, of rural people moving to the cities. They are not prepared for city life and the cities are not prepared to handle them. We have the additional problem, which is becoming more and more prevalent, of the terrific increase in mental illness and crime which accompanies these sprawling slums in our cities.

Once again I would like to read from this report, which is known as the Murray report:

> Attention is drawn to the rapid growth of population of Canada, estimated to reach 27 million by 1980, of whom 70-80 per cent will be living in urban areas. "With the inevitable pressure of population, it is problematic that land will continue to be treated as a speculative commodity rather than as a national asset, particularly in the centralized urban areas. When land is assembled by the public purse for central area renewal, it should be leased, not sold; in the redevelopment process, buying once with public funds should be enough."

Before closing I would like to ask what steps the Government is taking to meet these problems I have outlined? Has it really recognized these problems for what they are? I call on the Government to recognize these things and say to it, do not try to hide them; face up to them. As I mentioned earlier, let us take this present Minister, who I am sure commands the confidence of the House, and turn him loose on that problem. Maybe then we can be a lot more proud of what we are doing in this field.

I would like to close by again quoting from the Murray Report something that is very appropriate to my remarks:

> This country is rich; rich in natural and human resources; too rich for ease of conscience while so many Canadians of modest means, or advanced years, must live out their lives in squalid dilapidation and miserable overcrowding, yet surrounded by every sign of extraordinary affluence. The uncertainty, ineffectiveness, inequitable availability and stigma of housing help extended, is nothing less than a national, provincial and municipal disgrace. For those Canadians unable to achieve decent housing it is more than time that 20 years of housing neglect give way to 20 years of housing progress. ...Present and past activities in low income and elderly persons' housing bear absolutely no relationship to any realistic appraisal of the need in Canada.

Mr. Patterson: Mr. Chairman, I rise to speak briefly in support of the resolution. It seems to me the Government is indicating somewhat of a paradoxical position with respect to this measure, because in recent times we found it introducing steps which have been restrictive so far as the construction industry is concerned. On the one hand it imposes an 11 per cent sales tax on building materials, and now it turns around and is making additional moneys available to C.M.H.C. for citizens who desire to build homes. I suppose that the increase in cost occasioned by the sales tax requires that additional funds be provided, and possibly that is one of the reasons for this amendment.

In reading the Speech from the Throne we note the Government indicating an interest in developing a program for the full utilization of our human resources and the elimination of poverty among our people. I believe we would all agree that in the development of our human resources one of the most important factors is the provision of adequate housing.

Even though it is possible to raise a family in poor housing conditions, the full human personality cannot be fully developed for acceptance of its place in society if living surroundings and environment are not conducive to such development. So we should give every encouragement to those who are contemplating building and owning their own homes.

• (9:20 p.m.)

The next paragraph has to do with urban renewal. Here again we recognize a tremendous need. Many citizens and groups of citizens across the country are fully conscious of the need to enter upon major renewal projects. It has been brought to the attention of the authorities and of the public in general that

inadequate housing is a factor contributing to the incidence of social problems of various kinds. In introducing this clause I believe the Minister has recognized the need and is acting in a way which will go some way toward providing solutions.

The resolution also deals with public housing units. I think this is most important. In communities from coast to coast various agencies and organizations are desirous of moving into this field to assist in providing houses for those of our citizens who perhaps are in the low income brackets. They face severe difficulties in obtaining the necessary capital. They try to get co-operation from the various authorities and they do a tremendous job. I think it is essential that the Government should take a definite step forward to provide capital to assist these agencies in such a worth-while project.

Finally there is a reference to university housing projects. Everyone recognizes that with the development of educational facilities in the field of higher education there is need for the adequate housing of the mounting university population. In all these various fields the Federal Government has a responsibility to fulfil and there is an indication in this resolution that the Government recognizes this responsibility and is moving forward.

Once again I emphasize the importance of housing in the over-all social picture of our country. Too often we become obsessed with the economic opportunities which face us as a nation. We become obsessed with the dollars and cents and we forget the necessity of concentrating first of all on our human resources and encouraging the development of human personalities in order to enable our people to enjoy the cultural and spiritual aspects of life as well as its material aspects. Therefore I speak tonight in support of the resolution now before us.

• (9:30 p.m.)

[*Translation*]

Mr. Gauthier: Mr. Chairman, it gives me pleasure to join with the other hon. members and say that we give full support to the few minor amendments to the National Housing Act.

I say few minor amendments because we are somewhat amazed to see that the minister, in spite of all his good will—because he is one of the best qualified members of the cabinet—could do no more than touch lightly on the matter. It seems to me that it is a little characteristic of this government to only touch upon matters. In fact, under the pretence of proposing amendments, the government has touched upon the Income Tax Act, the Senate Act and now, the National Housing Act. I do not know whether that is the main quality of diplomacy in politics. If it is a quality, this government is really expert in those matters.

We had expected a little more substantial amendments dealing especially with construction standards, the conditions of acceptance of such constructions and dealing a little deeper with construction, in urban centres or in rural communities.

Nevertheless, we are happy about the increase in the amounts. It must be noted that it is only a guarantee given by the government to the chartered banks so that the said banks have the assurance that there is no risk for them in granting loans. Indeed, the government will back them up.

Of course, it would be an entirely different story if logically the national bank was used, but the government is not yet ripe for this and it should be given a little time to mature.

The minister said that housing for the aged would be accelerated. This is good news for, in our areas, in our constituencies, especially those in the province of Quebec, we have not benefited too much from this act for the simple reason that we were probably used to build large community homes for the aged, some for men, others for women.

In the province of Quebec we believe in the indissolubility of marriage but, on the other hand, we have always considered up to now that elderly persons had to be segregated before passing away. That is why, in the case of a married couple, the man is placed in one home and the woman in another.

That is what is being done in our areas and I hope that this accelerated program will enable us to accommodate our old people in our own communities and not 125 miles away from our towns.

I earnestly hope that this program will be understood in all parts of the province of Quebec and that one day, in each of our communities, towns and villages, there may be a home for older couples so that in their declining years they may reside in security in their own community.

I wonder if some private contractors could not be given further encouragement. For I have seen contractors building homes for the aged, in some villages, who had to discontinue their building operations because no municipality was sponsoring the housing

project. They had invested their own capital to build those homes in some sparsely populated villages where, even now, about 20, 25 or 30 couples could be accomodated in those homes.

There is also a marked improvement in urban centres. We are very happy about the amount that has been voted and we hope that our city councils will realize the taxpayers' needs and especially will take the trouble to study this legislation in order to benefit from it.

I have been very glad indeed a few minutes ago, to hear the statement made by the minister in which he mentioned having toured the provinces to discuss the implementation of these plans with the authorities concerned. I believe that if the minister or someone from his department, would go and meet each township council, in order to advise them and show them the benefits that are available to them through Central Housing and Mortgage Corporation, the government would in this way render a most useful service to the whole population.

It is all very well to pass and to amend legislation; but we realize when travelling through our ridings that 75 per cent of the provisions are completely unknown to our administrators. This is the reason why I said during certain meetings in my riding that it would be imperative that members sit a shorter time in parliament, say six or seven months, and that they take five months to go in every community in their riding and teach the officials the meaning of amendments to legislation, so that all citizens, urban as well as rural, can take advantage of the legislation passed by parliament.

I regret that the minister has not considered introducing an amendment to the act dealing with improvements to older houses. We are now building new towns, neglecting the older parts of communities, precisely because the present terms of loans to owners of old houses are not acceptable.

I would like now, Mr. Chairman, to tell the minister that the conditions we have at the present time because of city zoning—zoning which is practically never discussed—are very embarrassing. I have noticed this anomaly in every town in my riding, and we realize, like the minister, that the owner of an older house who asks for a loan to renovate his house is unable to have one because the city council has not passed a resolution to determine whether this house is in an area designated by them.

In my opinion, this constitutes a gap in the legislation because, in passing this amendment, we could have offered loans for the renewal of all older houses to those who would like to take advantage of that, without the requirement that this zone must be designated specifically by the city council.

Thus, many loans are lost.

Through personal experience, I may say that in my riding, this year, many loans were lost which could have helped to renovate many old houses which could still have been rebuilt but which are now abandoned due to a lack of a proper amendment.

• (9:40 p.m.)

We are also somewhat surprised to find that in large cities, the construction of multiple unit buildings or community housing projects is being encouraged by the C.M.H.C. Instead of building 6, 12 or 20 units under the same roof, for instance, a contractor, in order to benefit from the C.M.H.C. legislation, will build multiple unit apartment buildings belonging to the same owner who will be granted such loans.

We are in favour of private enterprise, but we are also in favour of family homes. We would have liked to find in those amendments some encouragement to prompt heads of families to acquire their own homes, instead of living in those community housing projects. That is why we hope the legislation will be further revised soon.

I share the opinion of the previous speaker that when you take charge of a department, Mr. Minister, you seek to make a complete clean-up. You have almost made three complete clean-ups and I am sure that if you keep this department for a while, you will take under consideration as soon as possible the suggestion being made to you.

I frankly admit that we, French Canadians, who like to have our own homes, hate to see families crowded in community housing. This contributes to the loss of our French-Canadian mentality.

We were anxious to see which amendments to the National Housing Act would be introduced tonight. There is nothing in all that. We had hoped to see an amendment to the Farm Improvement Loans Act, because today a farmer cannot get a loan from the Central Mortgage and Housing Corporation to build a house on his farm. Barely 5 per cent of those applications are accepted or likely to be accepted by Central Mortgage and Housing Corporation. It is imperative to amend this legislation so that farmers may also benefit

from the advantages afforded owners and family heads in urban centres.

Now, only a few words on the extra charges that those who borrow from Central Mortgage and Housing Corporation have to pay now. Because of a tax increase or for various reasons, the monthly payments are raised. In some cases, those monthly payments are so high that the owner must let his house go. I think that the government would have been wise to introduce an amendment to postpone the payment of these extra charges resulting in those increases until the last instalment has been paid in order not to disrupt the family budget. When somebody builds himself a house with a loan from the Central Mortgage and Housing Corporation, he prepares a budget and plans to pay $55, $60 or $75 a month. But the following year his monthly payments are raised to $85 and $90. Now, you will agree that it becomes impossible for this worker to balance his budget, with the result that, after making sacrifices for four and five years and paying for certain improvements and repairs, including that famous 11 per cent tax, he often has to let his house go.

In my opinion, all those disadvantages are far from encouraging family heads to benefit from opportunities offered by the Central Mortgage and Housing Corporation.

Nevertheless, we shall support the resolution because it brings us something, even if that is barely 5 to 6 per cent of what was expected from this amendment to the housing act.

Mr. Cantin: Mr. Chairman, you will surely forgive me if I seem somewhat parochial this evening but, on second thought, I feel the topic I wish to discuss truly is of national importance.

To walk through the streets of old Quebec is to relive the first chapters of Canada's history. A careful observer cannot fail to notice it, as the hon. member for York Centre (Mr. Walker) reminded me no later than last week, on the occasion of his first visit to old Quebec. The narrow streets, the architecture of the churches, houses and monuments, the stones themselves are a testimonial to our history. Here and there, various ugly structures of a more or less recent past mar the harmony and the artistic beauty of the general picture but luckily, old Quebec still retains its charms.

After 300 years the old city still remains a tourist's paradise. For several years now various bodies have been advocating the restoration of old Quebec. To name only a few, there are the Quebec historic society, the chambers of commerce and the Quebec City council. Lately, the province itself joined in through its historical monuments society and its department of municipal affairs.

The bill that will follow the passing of the resolution now before us will provide, I hope, the financial means to achieve such a restoration.

Last February the general director of the Quebec district chamber of commerce, Mr. Roger Vézina, wrote me a letter which contained the following suggestion:

> After agreements have been reached between the federal government and that of a province, the central mortgage and housing corporation could undertake or share with that provincial government or any body designated by that government, in projects for:
>
> (a) the acquisition, renewal or improvement of historical areas or sites to be devoted, wholly or in part, to housing developments;
>
> (b) the acquisition, renewal and improvement of historical buildings to be used wholly or partially for housing purposes.

Mr. Vézina added that such legislation was essential to prevent old Quebec from becoming a blighted area and to favour its restoration.

In reply to that suggestion the minister responsible for C.M.H.C. sent me a letter dated March 26, 1965 which I should like to place on record:

> I wish to thank you for having forwarded to me the speech which Mr. Roger Vézina, general director of the Quebec chamber of commerce, made before the Société St. Jean-Baptiste. The senior officials of the Corporation have given careful consideration to that speech, which precisely advocates the adoption of measures to preserve the architectural characteristics of old Quebec.
>
> In replying to Mr. Vézina, you may perhaps underline that the government of the province of Quebec, to my knowledge, has already taken steps to achieve the aim he supports. As far as the provisions of the National Housing Act, are concerned, no doubt some parts of the old city could rightly take advantage of section 23B, wherein it is provided that the federal government makes grants and loans to a province or a municipality for projects of urban renewal. Such projects do not consist solely in the demolition of dilapidated sections or zones and their replacement with new housing projects; they also provide financial assistance for the renewal of an existing section. Such renewal may comprise improvement of public facilities and services, as well as a program designed to encourage the individuals to renovate their residential properties.
>
> Indeed, the National Housing Act authorizes the corporation to grant loans for this purpose to owners of houses located in urban renewal districts. However, I must point out that although such a financial assistance could very well be granted in the case of some districts of Quebec City, the federal government can take no steps before it has received an official request for assistance

from a municipality with the support of the province concerned, or from the province of Quebec itself.

Mr. Vézina called your attention more specifically to his suggestion that loans or subsidies be granted toward preserving certain historic sites and buildings. Respecting the preservations of historic buildings and others of architectural value, it is possible that later such measures be incorporated in the National Housing Act. The suggestion is quite interesting and I have asked the senior officials of Central Mortgage and Housing Corporaton to give it in due course all the attention it deserves.

I wish to say in closing that the work done by Mr. Vézina, as well as other letters addressed recently to the federal government about the general matter of preserving our historic and architectural heritage, indicate concern about a matter which interests me greatly and which can become very important. Therefore, I thank you for calling my attention to Mr. Vézina's speech.

As I said a little earlier, this letter is signed by Hon. John R. Nicholson, the minister responsible for Central Mortgage and Housing Corporation.

Mr. Chairman, this is surely an extremely promising letter. The minister appreciates that by preserving our historical and artistic heritage, we are preserving a part of our cultural heritage, thus contributing to the rapprochement between all Canadians, whatever their names, by permitting a better understanding between them.

That is possibly the main subject I wanted to discuss tonight. However, in the Quebec area, I must say that we must surely mention other parts of Quebec City, because outside its walls there is also the parliamentary city to which is added what is known as Number 3 area. That part will eventually be demolished and rebuilt as well as a part of down town Quebec. Moreover, the proposed legislation goes much further than that; and at this stage, I want to congratulate the government particularly for its attitude, because the measure covers also the university situated in the west end of Quebec City.

Today, Laval University needs also the assistance of Central Mortgage and Housing Corporation. In the past it received such assistance, and the measures which will follow the resolution now before us seem most favourable for Laval University and for the area outside the walls of Quebec City as well as for the old section of the town.

• (9:50 p.m.)

[*Text*]

Mr. Grafftey: Mr. Chairman, in rising generally to support the amendment put forward this evening by the Minister I should simply like to say that this Party in general, as stated by the Member for Qu'Appelle, has supported this principle of an ownership democracy for some time. This means that it is our feeling that everything possible should be done by the Government to encourage the ownership of homes by Canadians, that everything possible should be done to encourage the ownership of independent businesses by independent businessmen and that everything should be done to encourage good farmers to own good farms. We believe that everything should be done to support the principle of property ownership, because when the state owns too much, in the general sense of that word, a democracy, in the truest sense of that word, becomes imperilled.

On many occasions when I have proposed this principle Members opposite have suggested that I was in fact enunciating a Conservative Party principle of landed gentry ownership in years gone by, or perhaps even in centuries gone by. That is not what I am talking about. I am talking about the desirable notion that everything should be done by the Government to encourage ownership of farms, independent businesses and homes, and in so far as this amendment encourages and projects that principle, like the hon. Member for Qu'Appelle, we support its general purport.

We also recognize that in Canada far too many people in our rural areas are living in abject poverty. While it is good to encourage home ownership we must realize that many Canadians do not have the means of even beginning to own their own homes. It should be recognized that when a married man with a family of four in many instances does not have the means to make a down payment on a home or keep up the monthly or semi-annual payments on a C.M.H.C. home, something is drastically wrong and there is a need to attack the more basic problem in this regard.

Mr. Chairman, may I call it ten o'clock.

Mr. Nicholson: Mr. Chairman, is it possible that we can finish this stage tonight and get the Bill before the House?

Mr. Grafftey: Mr. Chairman, I should like to call it ten o'clock.

Progress reported.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under provisional Standing Order No. 39A deemed to have been moved.

Proceedings on Adjournment Motion

CANADIAN CENTENNIAL—USE OF MATCHING GRANTS FOR PROVISION OF HOSPITAL FACILITIES

• (10:00 p.m.)

Mr. Ralph Cowan (York-Humber): Mr. Speaker, this afternoon I thought it necessary to question the Secretary of State or in his absence the Acting Secretary of State, as to whether or not there has been any restriction placed by the Centennial Commemoration Committee on the granting of Government funds to such memorial projects as extensions to public hospitals or the erection of new hospital buildings. I am personally interested in hospital work, and in making inquiries as to projects approved by the Canadian Government and Provincial Governments with regard to the commemoration of the Centennial of Confederation, I found that in the several hundreds of applications that have already been received and endorsed, Provincially and Federally, there are no direct hospital grants.

A careful inquiry into the list of approved projects and an examination of the names shows that three enterprises in the nature of welfare work have been submitted by Municipalities and approved by the Provincial and Federal Governments concerned. For instance, the good people of Bowness, Alberta, have suggested and the Alberta Government has approved, and the Federal Centennial Commission has verified, that they wish to build an old people's home for senior citizens at Bowness with these triple matching grants. In the Eastern section of Ontario, in the area represented by the Deputy Speaker himself, the United Counties of Glengarry, Stormont and Dundas, have decided to use their centennial commemoration moneys for the erection of an inter-denominational chapel at an old people's home on the outskirts of the City of Cornwall. In Nova Scotia, the Province has decided to use the centennial commemoration grant from the Federal Government of $2.5 million to erect a research and teaching medical school on the campus of Dalhousie University. I do not know of any more worth-while projects for the commemoration of the Centennial of Confederation than the three I have mentioned.

However, as yet, no hospital projects have been brought forward for Federal consideration. I would ask the Secretary of State for Canada if it is because of any roadblocks at the Federal level that hospital projects have not been advanced as suitable memorial projects for the Centenary of Confederation? Is it because of some obstacle in the Provincial field? I do not know the answer. On behalf of hospital people from one end of Canada to the other I would ask if the Secretary of State or his representative could advise us as to what the obstacle may be so that steps may be taken to utilize these vast sums of money which have been made available by the Federal Government by way of matching grants so that they can be utilized for hospital purposes. I know of no better way of observing the Centenary of Confederation than by erecting hospital additions or new buildings, so that we who are living can honour those who have gone before us.

I have not had time to check all the hospitals in the Dominion of Canada, but it is amazing to find the number of hospitals that have been erected in the ten Provinces of this country as memorials either to the war dead of the first or second World Wars, or to individuals. Just a quick résumé, and I could use up half an hour let alone seven minutes, reveals that in Nova Scotia we have the Fishermen's Memorial Hospital at Lunenburg and the Eastern Shore Memorial Hospital at Sheet Harbour. In New Brunswick we have the Restigouche and Bay Chaleur Soldiers' Memorial Hospital at Campbellton and the Queens-Sunbury West Memorial Hospital at Fredericton Junction. In Prince Edward Island we have the Kings County Memorial Hospital at Montague. In Newfoundland, you have the Western Memorial Hospital at Corner Brook and you have four Grenfell Mission Hospitals in Newfoundland and Labrador, honouring Grenfell. In the Northwest Territories, you have Stanton Yellowknife Hospital at Yellowknife. The list is almost endless.

I say that if we can pay tribute to our war dead and to those who have gone before when we have centres such as the Plummer Memorial Hospital at Sault Ste. Marie, Ontario, the Maimonides Hospital in Montreal and the Jeffery Hale's Hospital in Quebec City, surely we could have hospitals across this nation bearing names such as Centennial, or the Centenary of Confederation, so that that name could ring from one side of the country to the other and they would be suitable memorials of the Centenary of Confederation which we will be observing in 1967.

I would sincerely and earnestly ask the Department of the Secretary of State to let us know if there has been some obstacle in the

way of making grants available to hospital associations across the country for memorial purposes, or is there an obstacle in some other sphere of influence?

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): Mr. Speaker, the special centenary grants for a major project in each Province are not to be confused with the program of Federal-Provincial grants to assist local centenary projects of a lasting nature.

The Dalhousie Medical School project falls under the former and not the latter program. The special Federal grants to be matched by each Province, amounting to $2.5 million for each Province, are for major projects preferably of a cultural nature, and preferably in the provincial capitals. The Government of Nova Scotia decided that this money should be directed to the Dalhousie Medical School.

The other program, the one to which the hon. Member for York-Humber (Mr. Cowan) referred, involves a three-way division of costs among the local group, the Province and the Government of Canada. The Centennial Commission has adopted the policy of not considering any local project for a Federal grant unless it comes with the approval of the appropriate provincial authority. In other words, the approval of projects is the concern of the Provinces in the first instance.

No prohibition against hospital projects has been introduced by the Centennial Commission. To my knowledge no hospital projects, other than perhaps the ones the hon. Member has mentioned—if we adopt a broad interpretation of the term—have been brought forward. Hon. Members, of course, know that the Government of Canada already is assisting in the construction of hospitals under another program administered by the Department of National Health and Welfare.

BUSINESS OF THE HOUSE

Mr. Deputy Speaker: Does the President of the Privy Council wish to make an announcement regarding the business of the House for tomorrow?

Mr. McIlraith: Tomorrow, Mr. Speaker, we will resume the debate on the Budget.

Motion agreed to and the house adjourned at 10.10 p.m.

HOUSE OF COMMONS

Wednesday, April 28, 1965

The house met at 2.30 p.m.

CANADA DEVELOPMENT CORPORATION

PROVISION FOR ESTABLISHMENT OF INVESTMENT CORPORATION

Hon. Walter L. Gordon (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 establish an investment corporation, to be known as the Canada Development Corporation, to provide through savings by Canadians a supplementary large-scale source of financing where substantial sums of equity capital are required for the initiation or expansion of larger enterprises in Canada and for facilitating, in the case of offers to purchase or sell shares of such enterprises, the acquisition of such shares by Canadian residents rather than non-residents; to authorize the issue by the Corporation to Canadian residents, at an initial issue price of five dollars per share, of shares of the Corporation the total number of which outstanding at any time shall not exceed two hundred million; to authorize the Government of Canada to underwrite the issue of shares of the Corporation, and at its discretion to invest in shares of the Corporation on its own account not exceeding in number ten per cent of the total number of issued and outstanding shares of the Corporation, the amount of which underwriting commitment, together with the total amount invested by the Government of Canada in shares of the Corporation, shall not exceed two hundred and fifty million dollars; to authorize the Government of Canada to make loans to or purchase debentures of the Corporation to an aggregate amount not exceeding one hundred million dollars and to sell to the Corporation the holdings of Canada of shares of certain Crown corporations; and to provide further for other necessary and incidental matters relating to the establishment of the Corporation, its objects and powers, and its management, operation and control.

Motion agreed to.

• (2:40 p.m.)

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

RENTAL OF MACHINERY, M.M.R.A.

Question No. 5—**Mr. Coates:**

1. What are the rental rates available to owners of three quarter yard and one yard shovels through the M.M.R.A.?

2. What are the rental rates available to owners of three quarter yard and one yard shovels through the P.F.R.A.?

3. What are the rental rates available for Caterpillar D-4, D-6 and D-7 bulldozers through the M.M.R.A.?

4. What are the rental rates available for Caterpillar D-4, D-6 and D-7 bulldozers through the P.F.R.A.?

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Departments of Forestry and Agriculture as follows:

1. Rates prevailing in district for the particular type of work to be done and working conditions, but not exceeding the following unless especially authorized: ¾ yd. shovel, $15.50 per hr.; 1 yd. shovel, $21.50 per hr.

2. Rental rates for three-quarter yard shovels—$12.00 to $14.50 per hour—for one yard shovels $14.50 to $17.50 per hour. See Notes 1 and 2.

3. D-4 Tractor and Dozer: 30-40 H.P., $5.75 per hr.; 41-50 H.P., $8.00 per hr. D-6 Tractor and Dozer: 51-60 H.P., $9.00 per hr.; 61-75 H.P., $11.00 per hr. D-7 Tractor and Dozer: 76-95 H.P., $11.75 per hr.; 96-115 H.P., $13.75 per hr.

These rates include costs of operator, fuel, lubrication and repairs.

4. Rental rates for tractors equipped with bulldozers are determined in accordance with the draw-bar horse power rating of the tractor to be rented. The horse power rating for Caterpillar models may vary according to the model year.

Rental rates for bulldozers on tractors having the horse power ratings indicated are as follows:

D. B. Horse Power		Hourly Rates
(26 to 40	(D-4)	$ 5.05 to $ 5.75
(41 to 50		$ 6.70 to $ 7.65
(51 to 60	(D-6)	$ 8.60 to $ 9.90
(61 to 75		$10.80 to $12.50
(76 to 96	(D-7)	$13.00 to $15.05
(97 to 128		$16.70 to $19.40

See Note 1.

Note 1: The rental rates indicated have been developed from the Canadian Construction Association Schedule of Rental Rates. The rates include machine rental, payment for fuel, oil and grease, and an allowance of $1 per hour toward the operator's wage. When

the operator's rate exceeds $1 per hour the increased amount may be added to the authorized rental rate. The rental rate applicable varies, that is minimum to maximum, according to job conditions.

Note 2: An additional allowance of 50 cents per hour may be paid if matts are required and used, or if the machine is equipped with "mud tracks" and such are required. This has not been included in the rates given under answer No. 2 above. An additional amount, equivalent to wages paid to a "helper" may be added to the rate where a "helper" is required and supplied.

CUT-BACK OF RESEARCH FACILITIES, NAPPAN EXPERIMENTAL FARM

Question No. 6—**Mr. Coates:**

What has been the result of the meetings held between officials of the Department of Agriculture and the provincial department of agriculture and marketing for Nova Scotia with regard to the proposed cut-back of research facilities at the Nappan experimental farm?

Hon. Harry W. Hays (Minister of Agriculture): There have been no formal meetings between officials of the two Departments on this subject. In informal discussions officials of the Federal Department have informed those of the provincial Department with respect to plans for the Nappan Experimental Farm but have not requested formal approval by the provincial officials.

TORONTO AIRPORT—CLOSINGS THROUGH WEATHER CONDITIONS

Question No. 7—**Mr. Millar:**

1. What number of days per year is the Toronto international airport closed to air traffic because of weather conditions (a) wholly (b) partially?
2. Has the Department of Transport given consideration to the improvement of the runways at the London, Ontario, airport to accommodate larger type aircraft and thus provide an adequate standby airport?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): 1. (a) One; (b) Twenty-eight. The airport has been closed 1.45 per cent of the total time available in the past year based on hourly observations.

2. A second runway and associated taxiway is being strengthened to accommodate Vanguard aircraft. No consideration is presently being given to further improvements to accommodate larger aircraft on a standby airport basis.

GUARDS AT ARMOURIES

Question No. 14—**Mr. Hales:**

1. Of the 89 armouries which were placed under constant guard in Ontario, Quebec and New Brunswick, how many were there in each of these provinces?
2. Why has the Minister of National Defence not rescinded this order and withdrawn all such guards?

Hon. Paul Hellyer (Minister of National Defence): 1. Quebec, 67; Ontario, 17; New Brunswick, 5.

2. See answer to Part 5 of Question No. 2876 reported on page 12465 of *Hansard* for 17 March 1965. A number of armouries were closed consequent upon the recommendations of the Commission on the re-organization of the Canadian Army (Militia). In addition new security measures taken at the remaining armouries have permitted an authorized reduction in the security guard in excess of 50 per cent with a consequent financial saving of approximately $600,000 per annum.

SHIP CONSTRUCTION SUBSIDIES

Question No. 27—**Mr. Chatterton:**

1. How much has been paid in subsidies for ship construction since passage of the Ship Construction Assistance Regulations in 1961 for (a) the whole of Canada (b) each of the shipyards on the Pacific Coast?
2. What was the percentage of such subsidies to the total cost of construction (of those vessels which qualified) for (a) the whole of Canada (b) each of the shipyards on the Pacific Coast?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Canadian Maritime Commission advises as follows:

1. (a) $95,644,349.35.

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(b) Name of Shipyard	Amount of Subsidy paid	% of subsidy paid to total approved cost of construction in Pacific Coast Yards
Allied Shipbuilders Ltd.	$ 1,231,675.87	2.179
B.C. Marine Engineering & Shipbuilders Ltd.	364,720.25	.645
Bel-Aire Shipyard	65,997.66	.116
Benson Brothers Shipbuilding Co. (1960) Ltd.	531,747.62	.941
W. E. Bond	3,400.00	.003
Burrard Dry Dock Co. Ltd.	4,111,453.82	7.275
John Manly Ltd.	606,630.08	1.073
McKenzie Barge & Derrick Co. Ltd.	886,703.84	1.569
International Shipyards Ltd.	266,689.98	.472
Osborne Shipyard Ltd.	12,023.43	.021
Star Shipyard (Mercer's) Ltd.	736,051.20	1.302
Victoria Machinery Depot Co. Ltd.	8,320,998.31	14.725
West Coast Salvage & Contracting Co. Ltd.	49,944.34	.088
Yarrows Limited	4,402,794.07	7.791
Total Paid to B.C. Yards	$21,590,830.47	38.2%

2. (a) 32.324%; (b) See right-hand column of the above table in reply to Part 1 (b).

The above percentages are based on payments made to date and include some progress payments. Additional progress payments have been committed by Agreements on vessels still under construction.

JURISDICTION OVER LIGHTHOUSES, NEWFOUNDLAND

Question No. 46—**Mr. Macquarrie:**

1. Is it the intention of the government to transfer jurisdiction over lighthouses on the west coast of Newfoundland from the Charlottetown Marine District, Department of Transport and, if so, for what reason is this change being made?
2. What is the annual expenditure involved in the administration of these lighthouses?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): 1. Yes, St. John's is the communication centre for air and water transportation in the Province of Newfoundland and in Labrador. There is also administrative advantage in having the Department's offices in St. John's. At the time of Confederation, there were several major coastal lightstations on the West Coast of Newfoundland owned and operated by Canada and to these were added at Confederation West Coast lightstations owned and operated by Newfoundland, for operation from our Charlottetown base until the Newfoundland base at St. John's was modernized. This has recently been completed and staff and facilities are now available to bring all Newfoundland aids to navigation under one control at St. John's.

2. The annual expenditure for 1964/1965 was $302,000.

INSTALLATION OF SEWER AND WATER SYSTEM, AVONLEA, SASK.

Question No. 52—**Mr. Watson (Assiniboia):**

1. What are the names and business addresses of the various tenderers for the installation of sewer and water systems in the Section House at Avonlea, Saskatchewan?
2. What were the amounts of each of these respective bids?
3. To what firm or person was the contract awarded?
4. When will the C.N.R. be calling for tenders for the installation of sewer and water systems in the Station at Avonlea, Saskatchewan?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways advise as follows: 1, 2 and 3. Only Moose Jaw Heating and Plumbing Company Limited, of Moose Jaw, Saskatchewan, responded to the invitation to tender and contract was awarded to that firm. It is not the policy to disclose the amounts of tenders for railway contracts.

4. It is not known at the present time when such installations will be made.

APARTMENT BUILDING AT EXPO '67 SITE

Question No. 55—**Mr. Thompson:**

1. Is an apartment building, to be known as Habitat '67 to be constructed on the Expo 1967 site by the Canadian Corporation for 1967 World Exhibition?

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2. If so, how many apartments will Habitat '67 provide?
3. What is the estimated cost of the project?
4. Who designed the building?
5. Was the design decided by an architectural competition?
6. What is the purpose of this building of apartments at Expo '67 site?
7. Will the apartments be sold or rented?
8. What is the expected cost to the purchaser or monthly rent to lessee, as the case may be?

Hon. Mitchell Sharp (Minister of Trade and Commerce): 1. Habitat '67 can best be described as a housing complex rather than an apartment building. It will be constructed on Expo '67 site by the Canadian Corporation for the 1967 World Exhibition.

2. Habitat '67 will consist of approximately 165 apartments.

3. The estimated cost of the project is 11.5 million dollars (including design, engineering and supervision fees).

4. Moshe Safdie, David, Barott, Boulva, Associated Architects, are the architectural designers of the building.

5. The design was not the result of an architectural competition.

6. Habitat '67 is a housing exhibit and its purpose is to stimulate and demonstrate new construction methods and techniques. It has already aroused international interest as one of the major features of Expo '67.

7. After Expo '67 the project will be disposed of in the same manner as the other assets of the Canadian Corporation for the 1967 World Exhibition.

It is not known what the future owner contemplates doing with the project, whether he will rent or sell the houses.

8. During the Exhibition Habitat '67 is expected to be leased mostly to officials of foreign governments who wish to have reception facilities in proximity of the site of the Exhibition.

After the Exhibition, the purchase price or rent of the apartments will be related to the local market conditions and in any case will be decided by the new owner.

GRAIN SCREENINGS, CHURCHILL ELEVATORS

Question No. 56—**Mrs. Jones:**

1. How much grain was cleaned at Churchill terminal elevators from October 1963 to October 1964?
2. How many tons, bushels or pounds of screenings were handled?
3. How were such screenings disposed of, and at what price?
4. Were the screenings shipped out by (a) rail (b) water, and to what destination?
5. Who pays the railway freight on the screenings to Churchill?
6. Who receives the money for the screenings when sold?

[Mr. Thompson.]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The National Harbours Board informs as follows:

1. 21,511,000 bushels.
2. 31,057,275 pounds.
3. Sold by the owners of the screenings for the best price obtainable.
4. Shipped by rail, and by water to Montreal and Quebec.
5. Owners of the screenings.
6. Owners of the screenings.

EMERGENCY HOSPITAL PLANS

Question No. 62—**Mr. Côté (Chicoutimi):**

1. Has the government received a brief from the Hôtel-Dieu hospital in Chicoutimi or that city's medical association on the need for an emergency hospital plan which could be available to the public in the event of disasters or catastrophes?
2. What conditions or procedures are necessary for obtaining such an emergency hospital plan in Chicoutimi?
3. How many such emergency hospitals have been established across Canada?
4. What is the average cost of such an emergency hospital plan and is this cost borne entirely by the federal government?
5. In order to supplement this mobile hospital plan, does the department provide a helicopter for remote areas?

[*Translation*]

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): 1. A brief has not been received. But a telephone inquiry was received in April 1964 from the director of the Hôtel-Dieu Hospital in Chicoutimi requesting assistance in the preparation of a hospital disaster plan. This request was forwarded to the Quebec Provincial Emergency Health Services for action.

2. The preparation of a hospital disaster plan is the responsibility of the hospital concerned. Advice is available from the provincial Emergency Health Services.

3. Approximately half the hospitals in Canada have disaster plans.

4. There is very little expense involved in a hospital disaster plan as it is developed by the hospital staff with outside assistance as required.

5. No.

[*Text*]

SUBSIDY ON FERRIES FOR B.C. GOVERNMENT

Question No. 68—**Mr. Deachman:**

Since the inception of the federal subsidy policy for shipbuilding (a) what total sum has been remitted to shipbuilders on ferries built for the account of the government of British Columbia or its toll authority (b) what is the estimated subsidy on ferries approved but not yet completed?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Canadian Maritime Commission advises as follows: (a) $9,564,491.98; (b) $3,469,814.69.

ACQUISITION OF SUPPLIES AND CREW, TRANSPORT DEPARTMENT SHIPS

Question No. 75—**Mr. MacLean (Queens):**

1. What Department of Transport district marine agency usually administers the supply purchasing and crew hiring for CCGS *Chesterfield* and, at what port are the operations of this vessel usually based?

2. What Department of Transport district marine agency usually administers the supply purchasing and crew hiring for CCGS *Saurel* and, at what port are the operations of this vessel usually based?

3. What Department of Transport district marine agency will administer the supply purchasing and crew hiring for the new ship which will replace the above two ships in 1967 and, at what port will the operations of this new vessel be usually based?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): 1, 2 and 3. The Quebec Marine Agency, Quebec, P.Q., is responsible for the supply, purchasing, and crew hiring for the CCGS *Chesterfield*, and the CCGS *Saurel*. The new replacement vessel will be delivered in 1967 and will be located at the same Agency.

CALLING OF PERPETUAL BONDS

Question No. 76—**Mr. Kennedy:**

1. Is the government giving consideration to the calling or conversion of Dominion of Canada perpetual bonds in which Canadians invested their savings during the 1930's and, if so, does the government intend to call or convert the same at face value?

2. Has any consideration been given to the taking of such steps as will permit individual holders of such bonds to negotiate the same at a value comparable to their initial investment in these bonds?

Mr. L. T. Pennell (Parliamentary Secretary to Minister of Finance): 1. The Government of Canada 3 per cent Perpetual Bonds are subject to redemption by call at the option of the Government at face value plus accrued interest, on 60 days' notice on September 15, 1966 or at any time thereafter. It is not possible to indicate whether the Government would wish to exercise its right of redemption when it is entitled to do so.

2. The value of outstanding marketable bonds is determined by the prevailing conditions of supply and demand in the bond markets. Apart from specific rights of redemption in respect of an issue, the Government is not able to take steps to permit holders of marketable bonds to negotiate the same at prices other than those based on market values. Holders will, of course, have purchased their bonds at different times and at different prices.

FEDERAL ASSISTANCE TO MUNICIPAL AIRPORTS

Question No. 82—**Mr. Stenson:**

1. Is the Department of Transport considering long term lease agreements instead of the requirement of ownership by municipalities when they make application for federal grants to municipal airports?

2. Will there be financial support available for airports with grass strips and for runways without hard surfaces?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The answer to this question was provided in the Minister's statement to Parliament on March 25, dealing with the question of airports assistance.

RESTORATION OF H.D.-4 HYDROFOIL

Question No. 91—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the structural restoration work begun on the H.D.-4 hydrofoil?

2. When it is anticipated that this restoration will be completed?

Hon. C. M. Drury (Minister of Industry): The H.D.-4 Hydrofoil is the old Baldwin Hydrofoil which it is understood is going to be restored for preservation at the Bell Museum, Baddeck, Nova Scotia.

This Hydrofoil does not belong to the Federal Government and no one associated with Hydrofoil work in DDP, DRB or DND has any details of the possible restoration work.

REPLACEMENT OF GRAND NARROWS BRIDGE, N.S.

Question No. 109—**Mr. Muir (Cape Breton North and Victoria):**

Is consideration being given by the Canadian National Railways either independently or in conjunction with the Nova Scotia Department of Highways to replacing the Grand Narrows Bridge, between Cape Breton County and Victoria County, with a permanent crossing which would carry both highway and rail traffic?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Management of the Canadian National Railways advise as follows: No.

INSPECTOR OF DREDGES, SAINT JOHN, N.B.

Question No. 110—**Mr. Muir (Cape Breton North and Victoria):**

1. Who is the present inspector of dredges, Department of Public Works, in the Saint John, New Brunswick area?

2. How long has he held this position and was there a competition held for such a position and, if not, for what reason?

Hon. Lucien Cardin (Minister of Public Works): 1. Mr. Frederick A. Magarvey.

2. He was promoted August 1, 1963, by the Civil Service Commission, from the position he was occupying in the department. There was no advertised competition; however, an appeal period was allowed and no appeals were received.

COASTGUARD ICEBREAKING BUOY SHIP

Question No. 112—**Mr. Bell:**

Were tenders called for the construction of the new coastguard icebreaking buoy ship recently and, if so, what were the names of the shipyards, amounts of tenders, with successful tender?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Yes. The following offers were received and the contract was awarded to Davie Shipbuilding Ltd., the lowest tenderer:

PRICES FROM TENDER FORMS (LESS SALES TAX)
TWIN SCREW ICEBREAKING SUPPLY & BUOY VESSEL
QUEBEC AGENCY

	Canadian General Electric/ Fairbanks Morse 8 cyl	Canadian General Electric/ Fairbanks Morse 9 cyl	Canadian General Electric/ Montreal Locomotive Works Alco	Canadian General Electric/ Ruston Hornsby	Canadian Westinghouse/ Fairbanks Morse 8 cyl	Canadian Westinghouse/ Fairbanks Morse 9 cyl	Canadian Westinghouse Montreal Locomotive Works Alco.	Canadian Westinghouse Ruston Hornsby
Davie Shipbuilding.....	5,278,200. *5,466,200.	5,284,200. 5,472,200.	5,280,500. 5,468,500.	5,292,200. 5,480,200.	5,300,200. 5,488,200.	5,306,200. 5,494,200.	5,302,500. 5,490,500.	5,314,200. 5,502,200.
Canadian Shipbuilding & Engineering Limited.....	5,298,200. *5,486,200.	5,304,200. 5,492,200.	5,300,500. 5,488,500.	5,312,200. 5,500,200.	5,320,200. 5,508,200.	5,326,200. 5,514,200.	5,322,500. 5,510,500.	5,334,200. 5,522,200.
Port Weller Dry Docks.....		5,409,302. *5,474,980.	5,398,599.	5,396,396.		5,429,151.	5,418,449.	5,416,245.
Saint John Shipbuilding & Dry Dock Company Limited..	5,777,700.	5,782,700.		5,737,700.	5,776,000.	5,781,000.		5,736,000.
Canadian Vickers Limited.....	5,861,707.	5,865,627.				5,870,997.	5,869,397.	

Column Prices indicated by * (asterisk) are for maximum Canadian Content.

Questions

GRANTS UNDER FITNESS AND AMATEUR SPORT ACT

Question No. 120—**Mr. Caouette:**

1. What athletic associations in the county of Villeneuve have received grants under the Fitness and Amateur Sport Act during the past three years?

2. What is the share that each of the provinces received under the Fitness and Amateur Sport Act during the past five years?

[*Translation*]

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): 1. None. However, while federal grants under the fitness and amateur sport program are given directly to national amateur sports governing bodies and organizations or associations carrying out programs which are national in scope or for purposes of national interest, these include programs for French speaking organizations and it is very possible that the county of Villeneuve may have benefited through training provided in this way. At the same time, to assist local or provincial groups and programs carried out at the local or provincial level, the federal government enters into agreements with the provinces whereby it reimburses them for sixty per cent of expenditures on projects, up to the limit of the provincial allocation. To date the province of Quebec has not signed an agreement with the federal government in respect to fitness and amateur sport.

2. The Fitness and Amateur Sport Act was passed on September 25, 1961. Since then the amount received by each of the provinces was as follows:

	1962-63 $	1963-64 $	1964-65 $
Newfoundland	30,672	22,332	40,316
Prince Edward Island	30,581	9,100	38,311
Nova Scotia	31,527	29,998	40,743
New Brunswick	27,328	27,496	52,521
Ontario	51,408	25,000	95,015
Manitoba	36,947	64,185	64,203
Saskatchewan	34,681	7,500	36,866
Alberta	34,612	41,544	45,349
British Columbia	34,685	11,066	50,423
Yukon	20,957	3,366	26,478
Northwest Territories	22,382	7,331	23,868
	355,780	248,918	514,093

[Mr. Cantin.]

[*Text*]

TAX ON WORKS OF ART

Question No. 126—**Mr. Caouette:**

1. Does federal tax on building materials apply to works of art?

2. Does the same tax apply to materials used in the framing of works of art?

Hon. E. J. Benson (Minister of National Revenue): 1. Works of art listed in tariff items 695a, 695b, 695c and 695d generally covering sculptures, paintings and drawings are sales tax exempt. This is true with respect to the same works produced in Canada.

2. Materials used in the framing of paintings, drawings and pastels valued at not less than $20 each are exempt from sales tax.

EXPO '67—TENDERS FOR C.B.C. BUILDING

Question No. 127—**Mr. Lambert:**

1. Has the C.B.C. called for tenders for the construction and equipping of its pavilion at the site of Expo '67 and, if so, on what date?

2. What is the date for the closing of such tender call, if any?

3. What is the target date for (a) awarding the contract (b) the start of construction?

4. If a tender call is not being made is the C.B.C. negotiating with contractors for an agreement to build and equip its Expo 1967 pavilion?

5. If so, with how many and what are their names?

6. Are such firms (a) Canadian owned or foreign controlled (b) long established subsidiaries of foreign owned or controlled firms, or (c) recently organized subsidiaries or branches of foreign controlled firms?

7. Into what particular class above do each of the negotiating firms fall?

Hon. Maurice Lamontagne (Secretary of State): I am informed by the Canadian Broadcasting Corporation as follows:

1 and 2. No. Although the C.B.C.'s normal practice is to prepare detailed specifications and call for tenders, there was insufficient time to permit carrying out this procedure. The building must be ready several months prior to the opening of Expo '67 in order to permit installation of equipment and training of staff. It was necessary therefore to retain an experienced organization which could carry on detailed design and construction work simultaneously.

3. (a) The contract for the building and its associated electrical and mechanical equipment was awarded April 1, 1965. Contracts for radio and television electronic equipment have not yet been let; (b) Contractor began work on the site on April 15, 1965.

4. This has been done.

5. One. The Austin Company Limited.

6 and 7. The Austin Company Limited of Toronto and Montreal is a long-established

Canadian subsidiary of an American engineering and construction company. The Canadian company was incorporated under Dominion Charter in 1930. It has at its disposal the specialized knowledge of the parent organization which has a great deal of experience in the design and construction of radio and television studios for the large American networks.

CONSTRUCTION OF SWEETSBURG PENITENTIARY

Question No. 129—**Mr. Rondeau:**

1. What will be the final cost of the proposed Sweetsburg penitentiary?
2. Who got the final contract for this building?
3. How many tenders were submitted with a view to obtaining this contract?
4. Who were the parties tendering for this contract and what were their respective bids?
5. How many subcontracts were let for this construction?
6. What were the amounts of each of these subcontracts?
7. How many tenders were there for each of the subcontracts?
8. What were the amounts of the tenders for each of these subcontracts?

[*Translation*]

Hon. Lucien Cardin (Minister of Public Works): 1. It is presumed that the penitentiary referred to is the medium security institution at Cowansville, Que. This project is still under construction and the final cost is not therefore known.

2. Phase I: Site preparation, services, grading, etc., B & M Construction Ltd., Sweetsburg, Que.; Phase II: Medium Security Institution Buildings, Argo Construction (1961) Ltd., Montreal, Que.

3. Phase I, 9; Phase II, 8.

4. Phase I: B & M Construction Ltd., Sweetsburg, $362,298; Walsh Canadian Construction Co. Ltd., Montreal, $369,696; Pentagon Construction Co. Ltd., Montreal, $381,341; Eastern Township Construction Co. Ltd., Cowansville, $397,500; Richard & B. A. Ryan (1958) Ltd., Montreal, $430,810; Desourdy Construction Ltd., Lafleche, $462,300; Ron Engineering & Construction Ltd., Ottawa, $476,248; Henry J. Kaiser Co. (Canada) Ltd., Montreal, $478,266; Royalmount Construction Ltd., Montreal, $499,300.

Phase II: Walsh Canadian Construction Co. Ltd. and B & M Construction Ltd., Brossard, $5,953,825; Argo Construction (1961) Ltd., Montreal, $5,986,000; Compagnie de Construction Omega Ltée, Montreal, $6,100,000; Perini Quebec Inc., Montreal, $6,259,000; A. N. Bail Compagnie Limitée Montreal, $6,340,000; Pigott Construction Co. Ltd., Montreal, $6,509,000; Desourdy Construction Ltée, Laflèche, $6,900,000.

5, 6, 7 and 8. Securing of tenders for subtrades and awarding of subcontracts is the responsibility of the general contractor.

[*Text*]

INDUSTRIAL DEVELOPMENT BANK LOANS, VILLENEUVE COUNTY, QUE.

Question No. 132—**Mr. Caouette:**

1. How many loans has the Industrial Development Bank granted in the county of Villeneuve during the past five years?
2. What was the amount loaned in each of the municipalities in that county for the same years?

Mr. L. T. Pennell (Parliamentary Secretary to Minister of Finance): 1 and 2. The information requested is not available. Loan approvals are classified by provinces on pages 14 and 15 of the last Annual Report of the Industrial Development Bank and by types of businesses on pages 16 and 17 of that Report.

COST OF NAME CHANGE TO AIR CANADA

Question No. 162—**Mr. Mather:**

What was the total cost, in dollars, of changing the name "Trans Canada Air Lines" to "Air Canada"?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Management of Air Canada advise as follows:

The total cost of changing the name "Trans-Canada Air Lines" to "Air Canada" up to the end of February 1965 was $566,000.

It is expected that a further $380,000 may be added to this cost before all necessary work is completed.

GOVERNMENT CONTROL OF FOREIGN INVESTMENT

Question No. 164—**Mr. Mather:**

Has the government given consideration to the introduction of a policy similar to the one in effect in New Zealand under which foreign companies interested in taking over New Zealand concerns must register their bids, which may be banned by the New Zealand government?

Mr. L. T. Pennell (Parliamentary Secretary to Minister of Finance): No. The Government has, however, introduced measures to encourage a greater degree of Canadian participation in the ownership of industry in Canada.

*FARM SYNDICATE LOANS

Question No. 172—**Mr. Alkenbrack:**

1. How many machine syndicates have been formed and approved in each province of Canada since the Farm Machinery Syndicate Bill was passed, and

how many of these syndicates have borrowed from the government?

2. Wht is the total amount, by provinces, lent under this Act?

3. What is the average size of machinery syndicate loan resulting?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, the following is the answer to starred question 172 concerning farm machinery syndicates. It is divided into three parts. With regard to part 1 concerning the number of syndicates formed in each Province, in British Columbia there are 2; Alberta, 13; Saskatchewan, 9, Manitoba, 2; Ontario, 2; Quebec, 1; and no others, for a total of 29.

The answer to part 2 concerning the number of dollars expended by each Province is as follows: British Columbia, $19,600; Alberta, $208,003; Saskatchewan, $38,546; Manitoba, $2,860; Ontario, $10,540; Quebec, $1,000, for a total expenditure of $280,549.

With regard to part 3 concerning the average of these loans, the answer is $9,674.

QUESTIONS PASSED AS ORDERS FOR RETURNS

SHIP SUBSIDIES

Question No. 85—**Mr. Dubé:**

1. What are the ships for which Canadian subsidies have been granted since the inception of the policy on subsidies?

2. Who are the owners of these ships?

3. How many and which of these ships have subsequently been transferred to foreign registry?

Return tabled.

WINTER WORKS PROJECTS, VILLENEUVE COUNTY, QUE.

Question No. 118—**Mr. Caouette:**

1. How many winter works projects were put into effect under the incentive program in municipalities in the county of Villeneuve during the years 1962-63, 1963-64 and 1964-65?

2. What was the total value of each such project and what was the federal government's share?

Return tabled.

EXPENDITURES ON HOUSING AND ALLOWANCES FOR INDIANS, QUEBEC

Question No. 155—**Mr. Laprise:**

1. What amount did the federal government spend during the years 1963 and 1964 (a) for the construction of housing (b) toward repairs of dwellings for Indians in (i) East Main (ii) Fort George (iii) Lake Mistassini (iv) Lake Simon (v) Lake Waswanipi (vi) Nemascau (vii) Obedjiwan (viii) Pointe-Bleue (ix) Rupert House (x) Weymontachie?

2. What amount did the federal government spend during the years 1963 and 1964 (a) for family allowances (b) disability pensions (c) old age pensions (d) various assistance for needy Indians of (i) Fort George (ii) East Main (iii) Lake Mistassini (iv) Lake Simon (v) Lake Waswanipi (vi) Nemascau (vii) Obedjiwan (viii) Pointe-Bleue (ix) Rupert House (x) Weymontachie?

[Mr. Alkenbrack.]

Return tabled.

MOTIONS FOR PAPERS

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): Mr. Speaker, motions 4 and 11 are acceptable to the Government. In the case of motion 9, there is no such correspondence, so I should like to suggest that the motion be withdrawn.

Mr. Speaker: Shall motions 4 and 11 carry, and motion No. 9 be withdrawn?

Some hon. Members: Agreed.

Mr. Stewart: Would Your Honour please call motions 2, 5, 6 and 12. I ask that the remaining motions be allowed to stand.

Mr. A. D. Hales (Wellington South): Mr. Speaker, with regard to the motions being stood, No. 1 standing in my name for the production of papers concerning the automobile trade agreement with the United States has been stood twice, or maybe three times, and I hope the Minister will produce these documents the next time it is called.

Mr. Stewart: Mr. Speaker, the Secretary of State for External Affairs is not in the House today.

Mr. Churchill: What difference does that make?

CORRESPONDENCE WITH FORD, CHRYSLER AND GENERAL MOTORS

Motion No. 2—**Mr. Hales:**

That an order of the house do issue for a copy of all correspondence exchanged between Ford Motor Company of Canada Limited, Chrysler of Canada Limited and General Motors of Canada Limited and any department of the government of Canada between the 1st day of December 1964 and the 16th day of January 1965, relating to the subject matter of order in council P.C. 1965-99 dated 16 January, 1965, or order in council P.C. 1965-100 dated 16 January, 1965.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the correspondence being sought was tabled in the House on Monday last.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I think the Minister of Industry is looking at No. 2 and not No. 1. No. 2 was tabled, but I do not think No. 1 was.

Mr. Speaker: Is the hon. Member withdrawing motion No. 2?

Mr. Hales: Yes, Mr. Speaker.

Order discharged and motion withdrawn.

BICULTURALISM COMMISSION QUESTIONS TO MEMBERS OF PARLIAMENT

Motion No. 4—**Mr. Nasserden:**

That an order of the house do issue for a copy of the printed questionnaire authorized by professor Meisel, employed by the Royal Commisison on Bilingualism and Biculturalism, together with a copy of those questions directed to be asked orally, by those authorized to conduct a survey of members of parliament, in this connection.

Motion agreed to.

SUBMISSIONS AT CONFERENCE ON INDIAN AFFAIRS

Motion No. 5—**Mr. Howard:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all submissions, presentations, briefs and other documents and a copy of any speeches delivered at, or to the recent Dominion-Provincial conference on Indian affairs by each provincial government or any person representing a provincial government.

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, this particular motion or one similarly worded came up at the last session of Parliament. At that time I stated that the request was of such a nature, in that it covers submissions, presentations, briefs and other documents and copies of speeches delivered at the recent Federal-Provincial Conference on Indian Affairs by Provincial Governments or by any person representing a Provincial Government, that it cannot be accepted. Each of the Provincial Governments concerned was invited to put forward its views, and different views were put forward by the different provinces. This was done on a confidential basis; therefore the government cannot accept this motion.

Mr. Howard: Then I suggest that this motion be put forward for debate, Mr. Speaker.

Mr. Speaker: Pursuant to standing order 47 this Motion is transferred to Notices of Motions (Papers).

FEDERAL SUBMISSIONS AT CONFERENCE ON INDIAN AFFAIRS

Motion No. 6—**Mr. Howard:**

That an order of the house do issue for a copy of all submissions, presentations, briefs and other documents, and a copy of any speeches delivered at, or to the recent dominion-provincial conference on Indian affairs by the Canadian government, or any person representing the Canadian government.

Inquiries of the Ministry

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): The answer I gave to the previous motion, No. 5, Mr. Speaker, applies to this case, only this is the converse situation. These are briefs presented by the Government of Canada. We cannot accept the motion, and I would ask that it also be transferred for debate.

Mr. Speaker: Pursuant to standing order 47 this Motion is transferred to Notices of Motions (Papers).

INTERNATIONAL TOLL BRIDGE, FORT FRANCES, ONT.

Motion No. 11—**Mr. Fisher:**

That an Order of the House do issue for a copy of all representations made by the Member from Kenora-Rainy River to the government since 1945 regarding the toll-bridge between Canada and the United States at Fort Frances, Ontario, including any suggestions that an alternative toll-free route at this general location should be initiated through the co-operation of the government of the United States, Canada, Minnesota and Ontario.

Motion agreed to.

REMOVAL OF OTTAWA UNION STATION

Motion No. 12—**Mr. Howard (for Mr. Peters):**

That an Order of the House do issue for a copy of all letters, briefs, and other documents since the first day of January, 1954, exchanged between the National Capital Commission, the Government of Canada, or any other Department, organization or persons concerning the moving of the Ottawa Union Railway Station from its central down-town location.

Hon. Lucien Cardin (Minister of Public Works): Mr. Speaker, I have spoken to the hon. Member for Timiskaming. Apparently the hon. Member is interested only in the correspondence which opposes the moving of Union Station from its present location, and it was agreed that I would table that correspondence only.

Mr. Speaker: Subject to the reservation as expressed by the Minister, is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

NATIONAL EMPLOYMENT SERVICE

POSSIBLE CESSATION OF OPERATIONS IN QUEBEC

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to address a question to the Minister of Labour. In view of the statement made by the Minister of Labour for the Province of Quebec, who said that

the day may not be far off when the National Employment Service will be asked to close up shop in Quebec and leave the field to the provincial government, will the Minister advise whether he has been approached by the Government of Quebec to discontinue the federal National Employment Service in that province?

Hon. A. J. MacEachen (Minister of Labour): No, Mr. Speaker, no such approach has been made.

Mr. Starr: I will ask a supplementary question. Does the Minister contemplate opening negotiations with the government of Quebec for a treaty covering the operations of the federal National Employment Service in that province?

Mr. MacEachen: No, Mr. Speaker.

Mr. Starr: If he should, will he assure the House that such treaty talks will have the prior knowledge and approval of the Secretary of State for External Affairs?

Mr. Speaker: Order, please.

AGRICULTURE

MEETING WITH DELEGATION FROM FARM UNIONS

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Agriculture. Did he meet a delegation from the farmers unions this morning, and as a result of his meeting with the farm representatives is he planning to introduce at this session any legislation to deal with the problem of the cost-price squeeze from which the farmers are suffering as a result of the fact that the increase in farm costs is out of relation to farm prices?

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, I was very pleased to meet the delegation this morning, as well as the President from Saskatchewan who was there also. I was most interested in his summing up of the meeting we had, in which he said that every government for the last 20 years, including the government of Saskatchewan, has failed to realize the position of their group. I think we had a very good meeting, and they certainly know what this Government intend to do and what we have done. I think we will come nearer to meeting the needs of the farmers than any previous Government has ever done.

[Mr. Starr.]

• (2:50 p.m.)

Mr. Douglas: I have a supplementary question, Mr. Speaker. I am glad that the Minister shares my views in respect of the Government of Saskatchewan.

I should like to ask the Minister whether he would answer the specific question I asked. That is, does the Government intend to introduce legislation to deal with the problem in respect of the cost-price squeeze which is adversely affecting the farmers of Canada?

Mr. Hays: Mr. Speaker, all these problems are under consideration by the Government.

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister. Did the Prime Minister receive an invitation to meet with this delegation of farmers at the Chateau Laurier this morning?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker, I received an invitation.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to direct a supplementary question to the Minister of Agriculture. In view of what the Minister has just said pertaining to the cost-price squeeze, may I ask him whether he has taken any steps to implement the recommendations in the report of the Tariff Board just tabled with respect to the importation of live turkeys into Canada? I understand the recommendation is that the tariff be increased to 3 or 4 cents per pound. Have any steps been taken in this regard?

Mr. Hays: Mr. Speaker, this recommendation has been under consideration and was also put forward by the Government. All these things will be taken care of in due time.

Mr. Hales: I have a further supplementary question. Has the Minister made the necessary representations to GATT in order to make such an increase possible?

Mr. Hays: Mr. Speaker, I realize that these things have to be negotiated in so far as GATT is concerned. The Minister of Trade and Commerce is very familiar with this situation, and has been aware of the recommendation since the report was made.

Mr. Eric A. Winkler (Grey-Bruce): I should like to ask a supplementary question, Mr. Speaker. In view of the disastrous effects on the Canadian industry of the importation of United States turkeys last fall, does the Minister not feel that some immediate action is necessary in this regard?

Mr. G. W. Baldwin (Peace River): I should like to direct a supplementary question to the Minister of Finance. Can the Minister inform me as to whether these farmers who have come here to make representations to the Government in connection with farming will be entitled to a deduction pursuant to paragraph 10(c) of the income tax resolution proposed for this year?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the hon. Member for Kootenay West (Mr. Herridge) gave me notice of his intention to ask this question. I think it is perfectly clear from the wording of the resolution that such expenses will be allowed as deductions.

Perhaps I should say, in the event I am asked this question, that I also was invited to meet this delegation. I am very sorry I was unable to do so. I understand that the Minister of Agriculture made a very frank and full statement this morning, and that the members of the delegation are quite convinced that he really knows something about agriculture.

Some hon. Members: Hear, hear.

Mr. Winkler: Does the Minister realize that he is expressing strictly his own opinion?

Mr. Speaker: Order, please.

[*Later:*]

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): I have a question for the Minister of Agriculture. It refers to the statement he made this morning to the farm delegates to the effect that if he were to implement a proposal to make deficiency payments on eggs semi-annually and regionally it would be detrimental to the Eastern farmers. Would the Minister repeat this statement in the house so that his farmers can read it?

Mr. Hays: If this question could be put on the Order Paper I would be glad to make a proper explanation so that everybody in Canada would be familiar with it.

QUEBEC—ASSISTANCE TO FARMERS

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I have a question for the Minister of Agriculture.

Would the minister inform the house whether he has replied to the letter sent to him by the Quebec minister of agriculture, Mr. Courcy, requesting assistance for farmers in Abitibi-Témiscamingue? If not, does he intend to do so in the near future?

[*Text*]

Hon. Harry W. Hays (Minister of Agriculture): Yes, Mr. Speaker.

[*Translation*]

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I wish to put to the Minister of Agriculture a supplementary question to that put a few moments ago by the hon. member for Chapleau.

The minister replied that he had assured farmers in northwestern Quebec that they would receive help. Could he tell us what is the nature of the assistance he intends to give them?

[*Text*]

Mr. Hays: I said I was going to answer the letter.

[*Translation*]

Mr. Laprise: Mr. Speaker, I should like to ask a supplementary question to the one I asked a moment ago.

Since the question is still under consideration, could the minister request assistance from the officers of the Department of External Affairs, for I have noticed that they are more expeditious than his own officers when it comes to providing assistance to foreign countries?

[*Text*]

ADMINISTRATION OF JUSTICE

INQUIRY AS TO PENAL REHABILITATION AND CORRECTION PROGRAM

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is directed to the Minister of Justice and relates to certain remarks he made last night in a speech to the John Howard Society in Toronto, wherein he stated that offenders in Canada are treated under conditions that vary not only substantially, but sometimes unfairly, in different parts of the country, and that many of these disparities in probation, training or detention facilities are notorious and the result of our federal system of government itself. Will the Minister tell us when he intends to institute a full program for penal rehabilitation and correction in Canada?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, at the outset let me state that the hon. gentleman must realize that each part of my speech has to be read in context

with the preceding part. I was suggesting that a reunion be held between the representatives of the various welfare agencies, more particularly the after-care agencies, and the Minister of Justice some time before the end of this summer. This is one of the matters which we will have to discuss, but my main purpose in convening the meeting will be to discuss the allocation of parole supervision as between after-care agencies and governments so as to finally make the adjustment which has been under discussion for the last 10 years or so.

Mr. Thompson: A supplementary question, Mr. Speaker. My question was not in relation to the parole system alone. It was in relation to a complete program for penal rehabilitation and correction, a program which is certainly very much needed.

Mr. Favreau: Mr. Speaker, the answer I can give to this question at the moment is that by next Tuesday I shall be in a position to announce the names of the members of the special committee on penal reform, including the names of the consultants in each field of concern who will be attached to that committee.

Mr. G. H. Aiken (Parry Sound-Muskoka): A supplementary question, Mr. Speaker. Is the committee just described by the minister in addition to the committee of the Senate and House of Commons envisaged in item No. 10 on today's Order Paper?

Mr. Favreau: It is a special committee aside from the committee of the Senate and the House of Commons. I tabled its terms of reference in my speech during the debate on the Address in Reply to the Speech from the Throne.

Mr. David Orlikow (Winnipeg North): A supplementary question, Mr. Speaker. Will this committee to be announced next week be given as part of its work the task of looking at the plans for the new maximum security institution; and will the minister take note of their opinions in view of the fact that the advisory committee he has had up to now have already told him they do not like his plan and he has ignored their opinion?

Mr. Aiken: A further supplementary question, Mr. Speaker. Since we now have two committees which apparently are going to consider the same subject simultaneously, when are we going to get the report of the special committee on juvenile delinquency?

[Mr. Favreau.]

Mr. Favreau: Mr. Speaker, around the end of March the report of the committee on juvenile delinquency was prepared and completed in draft form. Either the revision is now completed or will be very soon, and I will be able to give a more definite answer then.

Mr. Donald MacInnis (Cape Breton South): A supplementary question, Mr. Speaker. In answering the hon. Member for Red Deer the Minister of Justice used the word "reunion". Will Mr. Banks and Mr. Rivard be invited to this reunion?

QUEBEC—LEGALITY OF RAIN MAKING OPERATIONS

On the orders of the day:

[*Translation*]

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

Following requests made to the minister in the house several weeks ago, is he inquiring into the legality of operations of companies making artificial rain in the Saguenay-Lake St. John and Abitibi regions?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I shall be pleased to take the matter under consideration.

Mr. Grégoire: Mr. Speaker, may I direct a supplementary question to the Minister of National Health and Welfare or, in her absence, to her parliamentary assistant, if there is one in the house?

Is the Department of National Health and Welfare studying the effects of artificial rain on the health of residents and citizens in the areas concerned?

[*Text*]

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I will be glad to take the question as notice.

• (3:00 p.m.)

NATIONAL DEFENCE

SPEECH BY MINISTER RESPECTING FRENCH CANADIANS IN ARMED FORCES

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I have a question for the Minister of National Defence based on a short news item in yesterday afternoon's Ottawa *Journal*, which reads:

> Defence Minister Paul Hellyer said Monday night that "measures will be taken permitting French Canadians to feel at home in the armed forces."

Would the Minister indicate to us what are the measures he proposes, and also he might explain why he has come to the conclusion that those of French Canadian background do not feel at home in the armed services? On the basis of a considerable number of years' experience, during which I commanded quite a number of units in each of which there was quite a number of French Canadians, I did not find that this was the case.

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I think I should send a copy of my speech to the hon. gentleman so he might have the text of it—

Mr. Douglas: He does not deserve that.

Mr. Hellyer: —and he will find I did not say "to feel at home" but "to feel more at home". I think measures are possible which will bring this about, which I think would be in the interests of both the armed forces and the country, and in particular of national unity.

TEACHING FACILITIES AT ROYAL MILITARY COLLEGE

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, I have a message for the—

Some hon. Members: Oh, oh.

Mr. Starr: You mean you got a message.

Mr. Groos: —a question for the Minister of National Defence. Is the Minister now in a position to say what action he is proposing to take with respect to new instructional equipment and facilities at the Royal Military College, following upon the recommendations of the Defence Committee?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, the long range plans for teaching facilities are under study in the Department, but I would like to take this opportunity to say that when the cadets of the Royal Military College leave that college they are as well equipped to carry out their duties as any cadets in the world, and we are delighted to have some third year cadets with us in the gallery today. They are a credit to their nation.

Some hon. Members: Hear, hear.

POINT EDWARD NAVAL BASE—TRANSFER TO TRANSPORT DEPARTMENT

On the orders of the day:

Mr. Robert Muir (Cape Breton North and Victoria): I have a question for the Associate Minister of National Defence. May I ask the Minister whether he is now in a position to provide any information with reference to the future civilian complement at the Point Edward Naval Base, as he promised some days ago.

Hon. Léo Cadieux (Associate Minister of National Defence): I was preparing to give the following information on this subject today. The Point Edward Naval Base, Nova Scotia, is being transferred to the Department of Transport, which will continue to operate the Coast Guard school now located there. The naval service stores operation will be discontinued when the space which it now occupies adjacent to the jetty is required for industrial development.

The Department of Transport, with the Industrial Estates Corporation of the Province of Nova Scotia, is working out arrangements under which Canadian Motor Industries Limited will establish a plant at this location and provide for other industrial development. Employment will be created for approximately 500 by the initial industrial development, and employment for considerably larger numbers is expected in the future.

The Department of National Defence now has a staff of approximately 243 at the base for its storage operations and for maintenance and servicing of the base. Some of this staff will be transferred to the Department of Transport which will assume responsibility for maintenance and servicing formerly done by the Department of National Defence. Arrangements have been worked out by the Department of National Defence and the Department of Labour to ensure that employment opportunities as they are created by the industrial development will be available to the remaining staff, and that the rundown of the national defence activities is timed to fit in with the availability of new jobs.

In view of these arrangements, alternative employment opportunities will become available for those now employed at the naval base and, in addition, it is expected that many new jobs will develop for others in the area.

Mr. Muir (Cape Breton North and Victoria): A supplementary question to the Associate Minister of National Defence. Can he tell the house what employment provisions will be made for the several hundred civilian employees who have been laid off already from the base?

Inquiries of the Ministry

Mr. Cadieux (Terrebonne): My statement referred to the 243 people who are presently employed at the base. It seems to me that our responsibility is to take care of those people now.

Mr. Donald MacInnis (Cape Breton South): The Minister refers to his responsibility for taking care of the people who are already employed at the base in the event of a lay-off. Some months ago he promised a review of the alternative work program supposed to have been set up by the Federal Government. Is he now in a position to answer the question which was put to him several months ago, and tell the house how many jobs were actually provided under this program for the 400 who have already been laid off—a program which his predecessor said had met with considerable success?

Mr. Speaker, we were promised an answer to this question some time ago by the Associate Minister and by his predecessor. This is a simple question which requires an answer before the Government starts making plans for another group to be laid off.

Mr. Cadieux (Terrebonne): The hon. Member refers to me as being Minister some months ago. I was appointed on February 15—

Mr. MacInnis: On a point of order, I did not refer to this Minister as having been a minister some months ago. I referred to the fact that his predecessor in office reported that this program had met with considerable success, and I pointed out he had failed to tell us what had in fact been done for the group already laid off. Now plans are being made for another group to be laid off.

REDISTRIBUTION

INQUIRY AS TO REPORTS OF PROVINCIAL COMMISSIONS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I would like to address a question to the Minister of Transport and ask if he could give the House some indication when it is expected the remaining nine redistribution commissions will make their reports, in the light of the fact that one has already reported.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I suppose in the absence of the Secretary of State I am the Minister who would reply about these matters, but as these are independent commissions I would really be a little hesitant even to communicate with them about so delicate a subject.

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

EXTERNAL AFFAIRS

CANADIAN EFFORTS TO ASSIST SETTLEMENT BETWEEN INDIA AND PAKISTAN

On the orders of the day:

Mr. W. B Nesbitt (Oxford): Mr. Speaker, I have a question for the Secretary of State for External Affairs but in his absence perhaps I might direct it to the right hon. Prime Minister. In view of reports that mentioned only the United Kingdom as being among the friendly countries trying to bring about a cease fire between India and Pakistan in the Rann of Kutch area—Canada was not mentioned, Your Honour—would the Secretary of State for External Affairs, or in this case the right hon. Prime Minister, tell the house whether Canada is to be considered a friendly country in this context, and whether our government has made any representations as to a cease fire to the governments of India and Pakistan, two sister commonwealth nations?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we are in touch with both Commonwealth governments in respect of what I think must be described as an unhappy development, and anything we can do as a friendly member of the Commonwealth to help, we will be very glad to do.

Mr. Nesbitt: As a supplementary question, does the Prime Minister expect this matter will affect the holding of the Commonwealth Prime Ministers' Conference in June; whether perhaps it will come before the conference and, if so, what attitude will Canada adopt in this regard?

Mr. Pearson: Mr. Speaker, I certainly hope this matter will be amicably settled before that conference meets in the middle of June.

LABOUR CONDITIONS

PRESS RELEASE BY DEPARTMENT RESPECTING WINTER WORKS

On the orders of the day:

[*Translation*]

Mr. C. A. Gauthier (Roberval): Mr. Speaker, I should like to direct a question to the Minister of Labour. I have already sent him a copy of my question which reads as follows:

Regarding your press release of April 17 announcing an extension of the winter works program, the following conditions were mentioned:

(1) Work must have started in November.

(2) Its duration must be at least five months.

(3) It must not be interrupted, except for two weeks of bad weather.

(4) Other similar projects must have been forced to stop operations at the same time.

Does the Minister of Labour not agree that because of such inapplicable conditions his press release is nul and void?

[*Text*]

Hon. A. J. MacEachen (Minister of Labour): No, Mr. Speaker, I don't share that opinion at all.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I ask a supplementary question?

Can the minister tell us how many projects that have been approved will be carried on until the end of May under this rather strict regulation?

[*Text*]

Mr. MacEachen: Mr. Speaker, I do not have the information at my disposal now, but I shall be glad to give it to my hon. friend.

[*Translation*]

Mr. Gauthier: Mr. Speaker, may I ask a further supplementary question?

When such an extension project is adopted by a province, can it be rejected by the federal government?

[*Text*]

Mr. MacEachen: Yes, Mr. Speaker.

SHIPPING

ST. LAWRENCE—REPORTED STATEMENTS RESPECTING ACCIDENTS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, yesterday I asked the Minister of Transport whether his attention had been drawn to a statement by Mr. McLagan of Canada Steamship Lines to the effect that many of the ships along the Seaway were overstocked with crews, and asked the Minister to look into this and see if that was the cause of some of the accidents on the Seaway. I would now like to ask whether in the course of this study it has been ascertained that certain ships operated by Canada Steamship Lines cruise along the Seaway at speeds ranging up to 20 knots an hour and many do not have lookouts on them, and that this might be the cause of some accidents.

Hon. J. W. Pickersgill (Minister of Transport): My researches have not carried me that far yet.

LABOUR RELATIONS

PLACE DES ARTS, MONTREAL—BOYCOTT BY U.S. UNION

On the orders of the day:

[*Translation*]

Mr. Jean Chrétien (St. Maurice-Laflèche): Mr. Speaker, may I direct a question to the Minister of Labour?

Is the hon. gentleman aware of the boycotting threats on the part of the Actor Equity of New York against the Place des Arts in Montreal? If so, has he considered making representations to his American counterpart in this regard?

[*Text*]

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I am aware of this situation in Montreal. I have had discussions with individuals involved, but I have not considered making representations to the United States government.

VICTORIA, B.C.—RESTRICTIONS ON EMPLOYMENT ON AIRPORT CONSTRUCTION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, may I direct a question to the Minister of Labour. I am informed by telegram just received that on a federal Government project at Victoria International Airport the local subcontractors who are members of the Canadian Brotherhood of Railway and General Workers Local 234, an all Canadian union, have been ordered off the work project, the apparent reason being that the main contractor has an agreement providing for employment of Teamsters members only.

My question is, is the Minister aware of this, and is it the policy of the Government to let contracts with companies which have made agreements to restrict employment to members of one union only?

Hon. A. J. MacEachen (Minister of Labour): I have not received any telegram, but I will be glad to investigate the circumstances and advise the hon. Member later.

HOUSE OF COMMONS

REQUEST FOR RETURN OF PORTRAIT OF SIR JOHN THOMPSON

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question which I think is appropriately directed to the Chief Government Whip. It is based on surreptitious but

none the less careful research in a temporarily unfamiliar place. Will he co-operate in having returned to its proper place the portrait of the great Conservative Prime Minister, Sir John Thompson, now hanging in the Liberal lobby?

Mr. J. E. Walker (York Centre): Mr. Speaker, my only reply can be in the form of a question as to the value the Official Opposition placed on this picture when they walked out of that lobby and left it there.

BRIDGES

JACQUES CARTIER BRIDGE—MAINTENANCE AND REPAIR

On the orders of the day:

[*Translation*]

Mr. Jean-Pierre Côté (Longueuil): Mr. Speaker, may I direct a question to the Minister of Transport?

In view of certain difficulties that seem to exist at this time in Quebec concerning the Jacques Cartier bridge, would the minister inform the house if the federal government would not be prepared to assume the maintenance and repair costs of that bridge?

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the Government of Canada through the Harbours Board has at the present time the care and the custody of this bridge, and whatever steps may be necessary in the way of repairs to keep it in a safe condition will be taken, and taken promptly.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, would the Minister of Transport agree to cross the Jacques Cartier bridge in an automobile to see for himself immediately that it is badly in need of repair and that the roadway is in very poor condition?

[*Text*]

Mr. Pickersgill: Mr. Speaker, the hon. gentleman seems to have made some assertions rather than ask a question, but I will consider them.

• (3:10 p.m.)

NORTHERN AFFAIRS

QUEBEC—ADMINISTRATION OF ESKIMO AFFAIRS

On the orders of the day:

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to direct a question to the Minister of Northern Affairs and National Resources.

[Mr. Macquarrie.]

Can the minister tell us whether he has made any promise or given any assurance, as reported by the Quebec minister of natural resources, to the effect that some day the federal jurisdiction over the Eskimos would be passed on to the province of Quebec?

[*Text*]

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): I have not seen any communication or statement by Mr. Levesque in recent weeks. I would want to study it before making a reply to this question.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Monday, April 26, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

Hon. George C. Nowlan (Digby-Annapolis-Kings): If the Minister of Finance could have foreseen the gallery we have this afternoon, and had he written a budget speech dealing with agriculture, it would have given me an opportunity to reply thereon and we might have had a more topical subject for discussion.

An hon. Member: Nothing for agriculture.

Mr. Nowlan: Unfortunately the budget speech is entirely barren—and this does not surprise us—as far as agricultural matters are concerned.

Some hon. Members: Shame.

Mr. Nowlan: There are no strangers here, of course, but if there were I would express to all those in the galleries not my apologies but my regrets that this situation is such that I cannot deal today with agricultural problems.

Nor do I intend to deal in detail with the matters contained in the budget speech. As always, of course, the important changes are to a substantial extent dealt with by resolution, and these resolutions will have to be debated on their own merits, if any, when the times comes. I do not intend to go into the subject matter of these resolutions to any great extent this afternoon. Rather I should like to discuss in a general way the speech made by the Minister on Monday night.

The Minister said—and I think this is the key to the situation—that this is an expansionary budget. He based this assertion on the statement or the inference—I am not trying to quote him—that there were substantial tax reductions which would result in an increased flow of money into the pockets of the taxpayers and subsequently to those of the merchants, thereby causing an increase in consumption and an increase in demand across the nation.

• (3:20 p.m.)

That is a plausible argument, Mr. Speaker, that perhaps we could accept except for the fact that the Minister himself apparently did not accept it a few months ago. Somebody once said, "O that mine enemy would write a book", and if he does not write a book perhaps it is just as well that he makes a speech, because I happen to have a copy of the speech the Minister made in Hamilton, Ontario, a few months ago in which he took an entirely different viewpoint. I am going to quote very briefly from the statement made by the Minister of Finance speaking to the Canadian Club in Hamilton on September 18, 1964, roughly seven months ago. He was referring to the tax cuts in the United States and the pressure which was being brought to bear upon him—and I can quite understand the pressure that was brought to bear upon him—to carry out the same system of tax cuts in Canada. This, in part, is what the Minister said:

> Those who favour this course—

That is, the course of tax reductions:

> —argue that the increased personal, disposable income resulting from such a policy would give the economy the kind of fillip which it needed at the time Unquestionably this would have been one way to stimulate expansion, but we estimated—

That, I presume, is the Government, the Department of Finance, or a combination:

> —that a significant proportion of the additional expenditures resulting from a tax cut would have resulted in increased imports of consumer goods, thus adding to the current account deficit in our balance of payments, rather than adding to the employment opportunities in Canada.

That is a statement of a very learned, a very able and a very experienced gentleman made seven months ago. We had a statement made on Monday night virtually to the contrary. Both these gentlemen happen to be named Walter Gordon, and I am wondering which Walter Gordon we are going to believe. It is rather an interesting problem. In September this was a bad thing to do because it was going to increase the balance of payments deficit and would not increase production in Canada except to an insignificant extent. Today this is one of the great measures which is going to substantially increase employment in Canada.

Mr. Gordon: Mr. Speaker, on a question of privilege, I think my hon. friend is carrying his paraphrasing just a little too far. I suspect that I did not say anything at all like what he has just said in the last sentence.

Mr. Nowlan: I certainly did not say the Minister said there are two Walter Gordons. He certainly did not say that. Of all the blunders the Minister has made, I do not think he would ever make that one. I quoted exactly what the Minister of Finance said. He will have an opportunity to reply when my speech is over, and he can then deal with this matter as he sees fit. No tax cuts, in Hamilton; tax cuts, in Ottawa. I am wondering, is this another retreat on the part of the Minister of Finance? This is a very interesting question. The Minister said on Monday night and I am quoting:

> We can expect the rate of private expenditure to increase by nearly this amount.

That is, the amount of the reduction of taxation. This is, as I said, entirely different from the statement the Minister made a few months ago when speaking on the very same subject in Hamilton. I am not going to embarrass the Minister by reading statements, which I could, from several papers in Canada. Maurice Western wrote some columns in the Winnipeg *Free Press* about that which perhaps are scathing and critical, but I am not going to indulge in a reference to the four-leaf clovers and horseshoes with which the Minister has been blessed. It was said that everything was right except the Minister's own policies. When you get such diametrically opposed statements, and a contradiction such as that to which I referred a moment ago, you can quite understand why there might be some question as to the horseshoes and the four-leaf clovers which the Minister had hanging around his neck and which he now has to translate into action.

Dealing generally with the budget speech, Mr. Speaker, I have here an excerpt from a well known, reputable and one of the ablest—there are several of them—financial commentators in Canada, Mr. John Meyer of the Montreal *Gazette*, who writes a column every day in that newspaper. He wrote an article yesterday, which of course was at short notice, written the morning after the

Minister had brought in his budget, and he had this to say about the budget:

> The budget, judged in all its implications, must be found entirely political. It is not an economic instrument at all.

This, Mr. Speaker, is rather a striking phrase for any responsible journalist to use:

> It is an outrageous bid for political favour at the risk of financial instability.

Some hon. Members: Hear, hear.

Mr. Nowlan: That is the statement of one of the responsible financial journalists in Canada, and with that perhaps I should leave the general discussion of the budget alone.

The Minister says we are going to have a tremendous, expanding economy because of the tax reductions. I wonder what these tax reductions mean, Mr. Speaker, to the average Canadian. We have seen some of these figures produced in the press and I am not going to weary the House going over many of them in detail; but I think it would be worth while, in view of the pressures which have been brought to play on this matter, to refer to some of them. The political pundits, I know, all read into this budget an election. I am going to deal with that in a moment, but if they can read an election into these figures they have bifocal glasses much stronger than I have, because I cannot see an election. As a matter of fact, I said on budget night "Well, there's one sure thing; there ain't going to be an election this year", and unless the people across the way are crazy I still say that is a fact.

An hon. Member: They are crazy.

Mr. Nowlan: You must remember, Mr. Speaker, that the great majority of Canadian taxpayers, approximately three quarters, although not quite, of all Canadian taxpayers—I mean income taxpayers—are in receipt of incomes of $5,000 a year or less; so when we talk about great, substantial reductions we should look at this through the glasses of the average taxpayer who is in receipt of an income of $5,000 a year or less and, as I have said, this takes in approximately three quarters of all Canadian taxpayers. What will they see in this budget?

Mr. Lambert: They see a rich man's budget.

• (3:30 p.m.)

Mr. Nowlan: That may be. I am going to refer to that in a moment. Perhaps, Mr. Speaker, I should give some of these figures with respect to the average Canadian income taxpayer, who for the most part you and I are representing in this Parliament today.

[Mr. Nowlan.]

The single taxpayer with an income of $3,000 a year has a reduction of 6½ cents a day; with $4,000 a year income, 10.9 cents a day, and with an income of $5,000 a year, 16.1 cents a day. For married persons the figures are not quite the same, of course. The married taxpayer with no dependants who is in receipt of an income of $3,000 a year gets the magnificent reduction of 2.7 cents a day, which really is going to make the coins rattle in his pocket. If he earns $4,000 a year he gets 6½ cents a day reduction. I was going to say that his weekly reduction would amount to approximately the price of a package of cigarettes, but the Minister of National Health and Welfare is not here so I should not discuss the price of cigarettes. Then a married taxpayer earning $5,000 with no dependants will be offered the magnificent saving of 10.9 cents a day.

Mr. Roxburgh: It is very easy to criticize when you do not have to bring a Budget down.

Mr. Nowlan: Well, if I had, it would have been a lot better than the one brought down on Monday night. I suggest that the hon. Member concentrate his chirping on the Minister of Health and Welfare, who he says has ruined the tobacco industry, and we will be a lot better off. Perhaps he had better keep quiet and get back to hockey, about which he has not been too successful in the last few years.

A married taxpayer with two dependants earning $3,000 a year will benefit by .82 cents a day, but I will not pursue these figures because they have all appeared in the press. I simply suggest that according to the business indicators the problems facing the Canadian economy suggest that in the durable goods area—refrigerators, washing machines, and that type of thing—there may be, though I hope the indications or prophecies are wrong, something of a softening in demand for these items during the last part of this year. I suggest, Mr. Speaker, that no finance company in Canada, no matter how bitter the competition may be, will finance a refrigerator on a payment of $25 a year, which is the maximum amount that can be achieved as a result of any of these tax deductions presented to us in the budget. So, having looked at these figures I do not quite follow the Minister when he says that this is an expansionary budget.

As a matter of fact, I think the head of the *Globe and Mail* bureau in Ottawa, George

Bain, wrote a very humorous column this morning, in which he referred to the fact that a married man with two dependants under these income tax savings would save $3 a year. If he was lucky and lived long enough he could tuck the first $3 under the mattress on the bed, keep it there, and at the end of the second year he could bring it out and he would be able to spend $5 to buy one of these Canadian Development Corporation shares certificates which the Minister mentioned the other night, and he would have $1 left over to buy something else.

Hon. Members talk about $265 million as being a very round figure, which appeals tremendously. They talk about $175 million in one year, which to me is an awful lot of money, more than I can contemplate. When you talk about two cents or three cents or four cents you are talking in a language which I can understand and which the average taxpayer can understand. That is why I said, and said quite sincerely, on budget night, and I say it again, that with all due respect to our intelligent pundit friends up above us, this is not an election budget. If it is, then the Liberal party is much more bankrupt than I realized was the case, because this certainly will not appeal to the voters.

I must say that the public relations boys, the public relations officers in the Minister's Department, have done a very good job in selling this Budget, according to the headlines which appeared in the press the following morning and the publicity given to it on radio and television. If one believes the rumours which circulate around this place, although one necessarily discounts 90 per cent of them, one would be encouraged to believe that the Minister of Finance is the one Minister in the Cabinet who willy-nilly is trying to drag his colleagues into an election, and he may have been influenced by his P.R.O. boys, who to a great extent have suggested that this would be an election budget. If it is, then as I say I doubt very much whether it will have any great appeal for the public.

Mr. Sharp: Are you worried about the result, then?

Mr. Nowlan: Not half as much as you are; make no mistake about that.

An hon. Member: And you have not as much experience as he has.

Mr. Nowlan: If this was to be an election budget I certainly would not present a budget like this, as you know, Mr. Speaker. But I would not be surprised if some of my more intelligent colleagues around this place, or more smart politically anyway, including those to the left of us as well, rather than have a "Diefenbuck", as we did in 1962, would have a $3 bill with Walter Gordon's face on it. That might be one way to win the next election—to have a $3 bill with Walter Gordon's face on the face of the bill.

An hon. Member: Why not two bits?

Mr. Nowlan: Mr. Speaker, because I know many hon. Members want to speak in this debate and that time is circumscribed, I wish only to speak to some of the highlights. If I may now deal with the figures in the green book, there are roughly 3,300,000 Canadian taxpayers whose income is $5,000 or less, representing not quite three quarters of all taxpayers in Canada. There are 20,700, odd, income tax payers in Canada whose taxable income is over $25,000, and their savings, of course, will be much larger. They can possibly contribute to the development of the economy, and I realize that the Minister prayed the other night that their savings would be directed toward that end. But these people who have incomes of $20,000, $25,000, or $30,000 and over have already bought their refrigerators and washing machines. They are going to use this money for investment or, probably more to the point—and I do not blame them one bit—they will use it for a trip to Spain, or be able to spend two more weeks in Spain than they otherwise would have spent had these tax deductions not been made. So, as I say, the argument that these tax cuts will increase consumption does not, I think, bear analysis.

As a matter of fact, as far as these tax cuts are concerned this budget gives the least relief to those who need it the most. It gives the most to those who need it the least, and any contribution to an expanding economy is absolutely and completely infinitesimal. I think that is a fair summary, in general. I do not expect the Minister to agree with that wholeheartedly, but I do not think he can help but admit that generally that is the situation with respect to these tax cuts.

There is one specific matter, Mr. Speaker, to which I want to make reference and which was not included in the budget speech. I dealt with it briefly the other night and I want to emphasize it again this afternoon. I am referring to the failure of the Minister to deal in any way whatever with the sales tax on machinery and equipment entering

into production. Virtually everybody in this country agrees—I am sure some of the Minister's colleagues must have had some heated arguments with him about this, and certainly the financial press editors have urged this in every way possible—that it is necessary to reduce our costs and maintain efficiency. In fact, the report of the Economic Council says just that.

• (3:40 p.m.)

This statement has been made by every financial writer in Canada. In spite of this fact, Mr. Speaker, the Minister of Finance has failed completely to deal with this matter in any way, shape or form, and one cannot help being driven to the opinion, the judgment or conclusion that he has taken this position because he is sensitive about this matter as a result of the many changes and retreats he has had to make in respect of budgets brought down in the past. He has now taken a firm position and has maintained the sales tax on equipment and machinery for production.

I am not now dealing with the sales tax on building materials, although I intend to say something about that at a later stage. Certainly it is the prerogative of the Minister to adopt the position he has taken in this regard and I would not be too critical of him, although I think he may have been in error. However, in spite of his prerogative regarding the sales tax on building materials and his decision not to remove that tax, irrespective of the substantial number of representations made, there is no reasonable excuse for the Minister's failure to remove the sales tax on equipment and machinery for production.

As I have said, one could quote from many documents and articles in this regard, because numerous arguments have been advanced by many competent authorities in Canada, as well as by some incompetent ones I suspect, which have urged the Minister to make this tax cut. I should like to quote from one of these many articles, and I have in my hand a pamphlet published by the Canadian Manufacturers' Association under the heading "Industry". This is the April publication of this pamphlet.

While I realize that the Minister may not agree with this article and will say, as perhaps will many others, that the Canadian Manufacturers' Association is prejudiced and biased and looking after its own interests, if it is read in conjunction with the many other similar articles that have been published, it will be appreciated that the secondary industry—the manufacturing industry must be developed and increased. We have been exporting primary products for a great many years, and we will continue to do so I hope at an accelerated rate; but the Canadian economy and those young people who sit in our galleries from time to time and look down upon us wondering what we are going to do with respect to their future depend to a great extent on the expansion of manufactured goods. For those reasons I make no apology whatever in reading from this pamphlet produced by the Canadian Manufacturers' Association under the heading "Industry".

This pamphlet is the April, 1965 issue and I should like to read two paragraphs as follows:

> New manufacturing investment in the Canadian economy in 1965 is forecast to exceed $2.2 billion, a sum never before equalled in a single year. It is 23 per cent greater than the $1.8 billion invested last year and two-thirds as much again as the $1.3 billion of 1963.

That is an expectation, or a forecast, and it is followed later in the article by a qualifying paragraph which reads as follows:

> Rightly or wrongly, it is industry's expectation that Mr. Gordon in his forthcoming budget will cut both corporate and personal tax rates, and scrap altogether the absurd, cost-inflating sales tax on production machinery and equipment. Should these expectations not be realized, there could very well be a distinct scaling down in capital investment intentions to the detriment of the economy and government revenues alike.

I am sure most hon. Members have read statements by the President of the Canadian Manufacturers' Association, dealing with this budget, which appeared in several newspapers today. We recognize the fact that Mr. Cumming is speaking from a manufacturer's point of view and no doubt is swayed because of that fact. The Minister can deprecate these statements to any extent he sees fit, but the fact remains that Canadian manufacturers represent one of the keystones of the Canadian economy. Manufacturing in Canada is one of the great foundation stones upon which our economy must be based, and it must be encouraged to grow and grow.

The President of that Association is reported in today's issue of the business and finance section of the Montreal *Gazette* as having said:

> From the manufacturing industry's point of view, it's a damp squib budget—

He also is reported as having said:

> The producer, the mainspring of the national economy, remains overtaxed.

The article then states:

> Mr. Cumming also attacked Mr. Gordon's failure to remove the 11 per cent tax on machinery and equipment.
>
> This failure is "a major let-down and a serious error in judgment"—

The article then refers to corporate tax rates to which I will make a passing reference in a moment.

On the evening before last when I was dealing with this matter I referred to a statement made by the President of Chemcell to its annual meeting on April 20, 1965. The import of that statement was that this tax on production machinery and equipment should be removed. In part it reads as follows:

> This tax is a serious brake on national progress. Industry is temporarily encouraged through various tax incentives to embark on capital expenditure programs, while at the same time it is burdened with an 11 per cent tax on production machinery and equipment which cuts down on its ability to compete with foreign producers. These two situations are to say the least not compatible. Only the general level of Canadian prosperity has concealed the innate viciousness of this tax, and when the economy weakens, we in Canada may well have lost our ability to compete.

The next sentence is the one I quoted the evening before last, Mr. Speaker, and is:

> Chemcell will pay in 1965 over one million dollars as a surcharge on capital if this tax is not removed.

The tax has not been removed and I suggest —and I will deal with this aspect a little more fully before I conclude—that it would be better for the Minister to deal with a tax such as this than to deal with a general tax reduction across the board. One tax is related to personal income tax while the other is related to industrial and economical development.

In round figures the Minister has suggested that as a result of this general across-the-board tax reduction $170 million will be left in the hands of Canadian consumers. This will happen as a result of the saving to individual taxpayers. The amount will vary depending upon income and I would not want to suggest how much you will save, Mr. Speaker.

Mr. Gordon: Six hundred dollars.

Mr. Nowlan: I will not make that suggestion because the Speaker might call me to order, or perhaps even name me. If the Minister is in a position which will allow him a savings of $600 I would not want to mention that fact either. However, the Minister did say that $170 million would remain in the hands of the taxpayers as a result of this penny pinching income tax cut. I suggest that had the Minister taken that amount of money and applied it in the way of a reduction in the tax on production machinery and equipment the advantages would be greater than the advantages which will accrue as a result of the measures he has adopted. I am sure such an approach as this would have been more favourable to the Canadian economy than the present approach. In addition there would not be a diminution of the Federal Treasury. Instead of providing a stick of chewing gum for the kids of parents in the lower tax bracket and a trip to Egypt for those in the higher tax bracket, this approach would have created some real development in the Canadian economy.

• (3:50 p.m.)

The statement by the Canadian Manufacturers' Association which I did not conclude also refers to the American tax rate and the fact that the Government of that country reduced the corporate tax rate. I am not going into that matter in any detail at the moment. All I say is that the United States government at least had the fortitude and courage to deal with tax reductions across the board. They not only gave them to individuals, as governments sometimes do under pressure. Our political and democratic system being what it is, I can appreciate the fact that at times this aspect must or should be recognized. However, the United States government also gave tax reductions to corporations.

The minister said in effect the other night: Oh well, there is no great difference between the American rate and our own. They have to pay social security taxes and in the end their tax rate will be as high as our own. That is a matter that will have to be analysed later. As I said earlier, I am not going into the details, but it must not be forgotten either that Canadians are also going to have to bear the weight of Canada Pension Plan deductions, just as the Americans have to pay social security taxes. Incidentally, may I interpolate with regard to the Canada Pension Plan that I think I am right in saying, having checked the figures roughly, that a person will have to have an income of over $5,000 before the payments he will be making under the Canada Pension Plan will be offset. The fact is that the Minister is obviously trying to offset the impact of the Canada Pension Plan by a reduction of taxation at this time, but I doubt that the result will be what he expects.

Our corporate tax rate is roughly 52 per cent while the American rate is roughly 48 per cent. As I said, the Americans have social security taxes, but our people are soon going to have to make Canada Pension Plan contributions. This is a problem to which the Minister of Finance will have to pay very special attention, because I can see a situation developing in the very near future where Canadian subsidiaries of United States companies will be paying a higher rate in Canada than their parent firms in the United States. This may very easily be happening right now because we are right on the verge, right at the breaking point. This is what happened in Windsor, Ontario, last week. If such a situation should develop, then the situation about which the Secretary of State for External Affairs (Mr. Martin) protested to high heaven last week, would be nothing but a spring shower, a summer breeze, compared with what will happen if these tax rates are not kept somewhat in line.

I could go on to deal with various matters included in the budget but I am merely going to refer to one specific matter in which I have a tremendous interest, as have all hon. Members to a greater or less extent. I am referring now to the subject of education. The Minister paid lip service to education in his budget. Last Monday evening he said it was unfortunate that no solution could be found for this problem and he prayed that the Bladen Commission would soon bring in its report, inasmuch as it might perhaps contain a solution to the problem. The Minister was looking for help and guidance but, Mr. Speaker, he did not do anything himself with respect to the problem, and he could have if he had wanted to do so.

I suggest to the Minister that the problem of providing educational facilities is one of the most important problems, if not the most important, with which Canada is faced at the moment. I have spoken on this subject before and I am not going to bore the House now by going into detail with reference to the constitutional problem. May I simply say that I have never been able to see how the fact that the Dominion Government made X millions of dollars available to any Province with only one string attached, namely, that the Province should not reduce the contribution it was making to education because of the money it received from the Federal treasury—how that in any way constituted an impingement upon provincial rights. I do not think I could ever be convinced that such action would be an impingement upon provincial rights with regard to education. The Provinces would have free scope. The only thing they would have to do would be to spend at least as much money on education as they are now.

The last Conservative Government raised the grant for university students twice and finally brought the grant up to a level of $2 in 1961 or 1962.

An hon. Member: It was 1962.

Mr. Nowlan: It was 1962, I am told. We are now in 1965 and the grant is still being paid at the rate of $2 per head of population in the Province. The Minister is not responsible for that formula. He inherited it from preceding governments, as we inherited it; and I must say we followed it. I do not like it. There may be some constitutional reason for it. As I said the other day in the debate on the Speech from the Throne, I can see a constitutional fiction in not wanting to break away from provincial populations, in that thereby you can maintain a semblance of provincial control because the grant is based on provincial population. I do not agree with that, but in any event what was there to prevent the Minister, in this great, expanding economy of which he spoke where he is giving everybody money, everything from the package of gum to the lower paid to the trip to Egypt to the higher paid, from increasing the student grant per head of population from the level of $2 set in 1962? The population of a Province increases relatively slowly. The population of every province in Canada is increasing and provincial pride may lead some to say that the population of their Province is increasing fairly rapidly, but on a relative basis the increase is slow, compared with the astronomical and fantastic increase in university population.

I say that the time is long past when this matter should have been dealt with. It should have been dealt with in the budget. If it can be dealt with in no other way, then it should have been dealt with by increasing the grant of $2 per head of population to $3 per head. The Minister would at least have been making an approach to dealing with the overall problem. I am sure the Minister will be the first to agree that the problem is an important one and must be dealt with. If one reads the report of the Economic Council he sees that it emphasizes the necessity for education and training as being fundamental to Canadian development. The Conference of Canadian Universities and other organiza-

tions in this country are all unanimous on this point. Something should and must be done about the matter now.

There are other matters to which I should like to refer but, as I said earlier, this is only the beginning of the debate on the budget. In a way, I am presenting a general summary. Many of my associates and, of course, Members of other Parties will take part in the debate, and various facets of the problems will be dealt with by my associates during the next few days of debate. After the budget is ultimately adopted, if it is, we will then be dealing with the resolutions in detail, at which time we can discuss them and perhaps amend them. I think it would be a waste of time and an infringement on the rights of Members generally if I were to deal with the resolutions at length at this time, but I must say I am rather intrigued by one or two of them. I would refer to the Customs Act resolution, to which the Minister made a casual reference the other night, which gives the discretion to the Governor in Council to fix values.

• (4:00 p.m.)

I was reminded of debates in days gone by. I was reminded of the frenzied screams of the now Minister of Transport (Mr. Pickersgill), his voice raised to high heaven, and all the rest of them, saying that it was an insult to the Canadian Parliament because there was no appeal. They said, "You did not provide any appeal." How can you provide an appeal from a section which says "When the Governor in Council is satisfied", I ask any lawyer on the other side of the House, how can there be an appeal when His Excellency is satisfied?

Mr. Woolliams: You don't have to go over there.

Mr. Nowlan: I know of course we have the experts here, but I want to give the juniors on the other side a chance to give legal advice.

This resolution brought back old memories, and I can recall the debate that took place some years ago when a resolution which I introduced was finally allowed to die in another place not too far away.

Mr. Knowles: Maybe the other place might defeat it again.

Mr. Nowlan: But we may have abolished the other place by that time.

There is a resolution dealing with newspapers, and I could not sit down without making some slight, passing reference to that. I am sure many people read the editorial in one of Canada's leading newspapers this morning. I am not advertising this paper because I do not always agree with its editorials, but the one today was intelligent.

What are we to do if that resolution means what it says? We are going to have the power to prevent the importation of periodicals. I can debate the aspect of the resolution which deals with deductions for income tax purposes. That is a debatable proposition. It is one which has been before the House and before more than one government in the past. I can quite understand the niceties of that argument and what consideration should be given to it but, Mr. Speaker, at the moment without some lucid explanation from the Minister on that, more than he gave us on Monday night, I am not prepared to accept the fact that we are going to ban or banish periodicals from Canada on the whim of the Minister of Finance and the Governor in Council.

Then of course we have the massive resolution dealing with the Canada Development Corporation; and again, as I said, it will be debated, and debated at length. We will listen to the arguments advanced by the Minister of Finance and we will listen to them carefully and then decide what action should be taken with respect to them.

That, of course, is a terrifically far reaching resolution. If it means what it says it will result in the taking over of one of the great Crown corporations which we own today, and there are other corporations which I am not going to mention at this time, but which one could think of and which could be included if we are going to take over any such corporations. As I say, that is a matter we can debate when the time comes.

Then, of course, there are other minor resolutions, but I do not think it is advisable to go into them at the moment and I will defer that until a later occasion.

So, Mr. Speaker, after considering these matters to which I have referred, I am now going to move an amendment. I move, seconded by the hon. Member for Ontario (Mr. Starr):

> That all the words after "that" be deleted and the following substituted therefor:
>
> "This House regrets that the Government has failed to meet the most pressing economic problems of the country by refusing to abolish the sales tax on production machinery, which tax continues to penalize the manufacturing industry and business, thereby undermining Canada's competitive position in markets at home and abroad; and by not giving adequate relief from taxation for the lower income groups and increased assistance to old age pensioners in the face of the steadily rising cost of living."

The Budget—Mr. C. Cameron

Mr. Colin Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I always approach the budgets of my hon. friend, the Minister of Finance (Mr. Gordon) with lively interest because one never knows quite where he is going to lead one, or which way he is going to jump. I feel it might not be inappropriate to suggest that he moves in a mysterious way his wonders to perform, but we are not quite sure what these wonders are that he wishes to perform.

After a great deal of advance publicity—in fact I may say the publicity rather outdid the actual turn when it came on the stage—we were told he is going to cut taxes 10 per cent across the board and this is going to have a dynamic effect on our economy.

I have just been wondering what the purpose of this tax cut could have been. It can hardly have been to afford relief to those in our society who require it most, because in that event he would have put his tax cuts in the lower income groups. He would perhaps have raised the exemption level. Instead he left it as it is at present where, for instance, a young married man with two children, living on $3,000 a year, is given a tax cut of $3 a year and still pays $26 a year.

Now, $26 a year is probably quite important to a young couple in that position. In fact I know it is, yet at the same time the man who gets ten times that amount, $30,000, is to be given a tax relief of $600. What for? Why is he to get a tax relief of $600? Why are you and I, Mr. Speaker, to get tax reliefs when still the man on $3,000 a year is going to have to dig in his pocket for $26 a year which he can ill afford?

Therefore it cannot really have been for the relief of those who need it most that the Minister of Finance has made his tax cut in this form. Then we are told, of course, that the main purpose is to stimulate consumption, to stimulate purchasing power and thereby give a shot in the arm to the economy, if it needs it.

Again I wonder how the Minister of Finance thought he was going to do that through this particular method of tax cuts because, as the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan), who preceded me, pointed out, the man with $30,000 income has probably got his refrigerator by now, and probably his wife has a fur coat too, and it will probably result in his taking an extra two weeks in Spain or Florida with this unexpected windfall from the generous Minister of Finance.

[Mr. Nowlan.]

Nor can it be that these tax cuts were made with the idea of moving toward some sort of equalization of incomes, because again I point out what happens is that those who need it least get most, and those who need it most get least. We who are in the $12,000 a year and up income tax bracket for tax purposes will get a somewhere around $150 and up tax cut. It is very nice and I am sure we are very grateful to the Minister, but I suggest to him that the price is too high if in order to have that it has been necessary to deduct from the very meagre incomes of those in the lower brackets just a little more of what they have earned than is necessary.

• (4:10 p.m.)

I should have liked the Minister to raise exemption levels. I see no reason for his not having done so, because this would have met all the expressed objectives of these tax cuts. When they are all boiled down and when we take into consideration the effect of the contributions to the Canada Pension Plan, the dynamic economic effects of these tax cuts will, I suggest, be precisely nil. They will be completely unnoticeable and a complete waste of time from that point of view. They will simply have created and developed still more inequities in our society.

While I am on my feet I may perhaps say something which will make me unpopular with a lot of people. It has to do with our whole attitude toward taxes. I have noticed in the course of a long life laid waste in getting and spending that by and large the dollar I spend for taxes gets me a better bargain than the other money I expend. Of course, it is the "done" thing to growl about taxes, and for this reason whenever a Minister of Finance announces a tax cut he stands with a smirk of conscious virtue; he waits the grateful applause, and the applause comes. It all seems to me somewhat illogical—the grateful applauders might well have hesitated in an attempt to find out just what they were applauding. Because even in the hands of the most incompetent Government I maintain that what we get for our tax dollar is a better bargain than what we get individually. That is true even of this Government which has opened up new and unheard of vistas of incompetence and bungling.

There are people in our community to whom this does not apply. The rich have no need of the amenities which are provided by tax dollars. They do not have to worry about a proper medicare service being provided for citizens of this country, should that ever come

about. They do not have to bother very much about the public school system for the education of their children. They have a vested interest in the reduction of taxes. However, I suggest that those of us who are not rich have a vested interest in seeing that the total of the amenities of our country is continuously increased and that for our tax dollar we get a more comfortable life, a more worth-while life and a more satisfactory society in which to live. So I have no bouquets for the Minister with regard to his tax cut. In any event it is an ineffective one; it will do nothing of consequence apart from annoying a lot of people who find that their reduction amounts to only $3, though it will amount to $600 in respect of men earning ten times their income. Added to this will be the knowledge that the present Government is not likely to move ahead very rapidly in the field of supplying services and amenities and improving the whole quality of life in our society.

Another item in the budget which created a great deal of interest was the Canada Development Corporation proposal. Here again it has been suggested that the Minister stole some of the laundry from the Socialist washline. Perhaps this is the impression which it was intended to convey. Certainly it took in the Toronto *Globe and Mail,* because they actually imagine this measure amounted to Socialism by the back door. I would think that had they gone into the New York Stock Exchange they would have found out what it really is, which is, of course, the New York Stock Exchange version of peoples' capitalism. What Members opposite did steal, as is so often the case, was the name. But added to the name was a different idea.

The reason is not far to seek. Contrary to the general impression, the Liberal Party is a doctrinaire Party. Usually we Socialists are accused of being doctrinaire. But the Liberal Party is the most doctrinaire Party in the country because it applies one yardstick to every proposal, that is, it must fall within the confines of what is politely known as free enterprise; everything must be fitted to this Procurstean bed. They may deck their proposals out in semi-Socialist or progressive clothing but in the final analysis they must fit this doctrine which is rigid and unchanging. At the present time we see the Liberal Government taking this idea of a Development Corporation and fitting it into its doctrinaire pattern, proving once more what is the essential philosophy of the Liberal Party. This philosophy is that the main purpose of human society is to provide opportunities for the more acquisitive members of that society to profit by the operation of a modern economy, and that everything else must be subservient to this idea.

The idea which animated most of us who invented the original name was that this would be another tool in the hands of the Government to stimulate the expansion of the Canadian economy. What have we got? We find ourselves with just a vast mutual investment trust, in no way differing from those which are already in existence except that you and I and the other citizens of Canada will be asked to sponsor it; we shall be given the chance to invest in it to the modest degree of $100 million, or 10 per cent. We shall also be asked to stand by with the buckets to bail this Corporation out of trouble, if necessary, to buy its bonds when needed, and so on. But we are not going to control it. In fact, the Minister says plainly that this Corporation will stand on its own feet free from Government control. If this is what the *Globe and Mail* calls Socialism by the back door I think its editors have a lot to learn.

I notice that at one point the Minister suggested that this Corporation would be expected to invest its funds in such a way as to serve the best interests of the Canadian economy. It would be "expected" to do this. He did not tell the house it would be made to do so. I suppose he pictures himself as a latter day Lord Nelson standing on the quarterdeck and giving the signal "England expects that every man will do his duty". You know, I think he is really more in the guise of Captain Morgan raising the Jolly Roger and beckoning all the buccaneers to climb aboard this richly laden merchant vessel, all ready to loot. And they will come vaulting over singing "Yo, ho, ho and a bottle of rum" because they are never slow in recognizing a proposition which is in their own interest.

An hon. Member: They don't have enough to buy that bottle of rum.

• (4:20 p.m.)

Mr. Cameron (Nanaimo-Cowichan-The Islands): They will. They will certainly have it on this occasion, because there can be no question about who is to operate this vast Socialist enterprise. The Minister tells us that while the general public will be invited to contribute their $5 bills, support will also be sought from a wide variety of sources. What are these sources? Banks, insurance houses, investment companies, trust companies. Can you imagine, Mr. Speaker, any

possible set of conditions in which such people will invest sums of money from the concerns they direct, and not direct this new Corporation? I do not think we can be so naïve as that. And once they have got control of the directorate, what will be their purpose? It will be the purpose of the directorate of all private Corporations, a perfectly legitimate one under these terms of reference, of maximizing profits at all costs, and any idea that this is a new deal to develop the Canadian economy goes by the board.

It is, again, a demonstration of the unspoken but firmly held conviction of Liberal Governments that the directors of insurance companies, the banks and trust companies are really better fitted to manage the country's affairs than those who have been chosen by the people, and that the Government's role is mainly that of handmaiden to serve the interests of private business. In fact, Mr. Speaker, as I read the description of this new company I was reminded of a definition of a politician that one of my colleagues in the British Columbia House gave many years ago, and I think it is very appropriate on this occasion; that the politician is the man who climbs the tree to shake the fruit down to the hogs below.

In fact, the idea that this is going to help the Canadian people, that this is designed to serve the interests of Canada, is blown sky high when we come to the suggestion that we are going to sell Polymer to them. Why are we going to sell Polymer to this Corporation? You and I, Mr. Speaker, are both share holders, very small ones—we hold about one-nineteen-millionth of the shares of the Polymer Corporation—and why is the Minister going to sell our property to a few people in Canada, when it now belongs to all of us? In what way is this going to stimulate the development of the Canadian economy? How is this going to improve matters for the economy of Canada? Why should these funds be invested in a concern that has already established a reputation for outstanding success and competence and efficiency? Why should funds be diverted there, when the Minister tells us that his purpose in establishing this Canada Development Corporation is to create an instrument for the development of the Canadian economy? This, I think, is just another demonstration of the fact that the Liberal Party has no faith in its own Members; that the Liberal Government has no faith in its own Members. Of course, I can understand their reluctance to place faith in themselves, but on the other hand I am equally reluctant to place the faith that they place and that the Minister places in the hands of those who now control our financial institutions.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

Having dealt with the Canada Development Corporation, Mr. Speaker, let us turn to some other aspects of the Budget and just see how well the Minister has done. I noted again this time that the Minister made his customary obeisance to the myths of the unqualified virtues of a balanced budget. I felt, I suppose, like some of those Christian missionaries used to feel when they found a native they thought they had converted to Christendom going out again and bowing down to the old tribal gods. Here the Minister does it again. He seems to suggest, again, that this is the summum bonum of national financing. He tells us we have brought the economy under control; we have now set our house in order. But have we? Is our house in order when we have 3.9 per cent unemployed; when slums disgrace every major centre in the Dominion of Canada; when education is in a crisis; when whole areas are, and have been for decades, in a depressed condition? Is this setting our house in order?

An hon. Member: And with the farmers' delegation coming in.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Yes, and with the farmers' delegation roaming through the buildings? The Minister tells us that everything is wonderful. In fact, he stands up and, as Ministers of Finance always do, takes great credit for the fact that the Canadian economy at the present time is in a prosperous condition. I am always diverted by the manner in which Ministers do this. Whenever things are prosperous, then it is the result of the wisdom and sagacity of the Government; and when things go wrong, of course, it is an act of God. God is elbowed out of the way very quickly, though, when there is an upturn. He is allowed to be responsible for disasters, but not for benefactions.

The Minister tells us we are riding the crest of a boom; but what does he do about it? Does he do anything about these things that are staring us in the face, the squalour that lies behind much of our affluent society's façade today? He boasts about the fact that he is bringing his budget almost into balance, that the debits and the credits are lying down together; but he does not do anything about the means with which to cope with these disease spots in our economy. What

does he do? He cuts a few taxes to make us forget the squalour. He establishes a vast private enterprise under Government sponsorship, and he leaves these other things untouched and uncorrected.

Let us turn to one of the matters in which we lag very far behind in Canada. On this occasion the Toronto *Globe and Mail* perhaps did a better job than it did when it characterized the Canada Development Corporation as a Socialist measure. This is a report of a speech made by Dr. Frank Forward as director of the Science Secretariat to the Privy Council, which was given to a number of Canadian researchers some few weeks ago. This article was published on April 3 this year, and it has this to say:

> The problem is not that the Medical Research Council has decided to cut back on grants. It hasn't. In fact, it has increased its total amount of funds by about one-third over last year's. The increase is just not enough.
>
> One precipitating factor in today's dilemma was the United States' decision to reduce its grants through its Public Health and National Institutes of Health to developed countries.

We had, of course, been living on our American friends' generosity, and when they decided they could not afford it any more, we found that the Canadian Government had nothing to put in its place. The article continues:

> It is a question of policy, too—federal Government policy on science, or rather, the lack of it. Despite much talk and the appointment last May of Dr. Frank Forward...the Canadian Government still has no well-defined national goals in science.
>
> Dr. Forward revealed this regrettable lack of direction and resolve a few weeks ago in an address to the Canadian Society for Clinical Investigation.

It says further:

> It was not an easy audience for Dr. Forward to address. They were what their president described as a group of angry young men. And they were angry because, in the words of Dr. D. V. Bates of McGill University: "The Canadian Government has been worse served in its scientific research advice in the last six or seven years than any other Western government". They had at their fingertips a wealth of arguments and statistics to show their guests (Trade and Commerce Minister Mitchell Sharp attended the dinner as the Cabinet's representative) that, as a consequence, Canadian universities had inadequate facilities and vacant staff positions.
>
> ...Dr. Forward told them precisely what they did not believe and what they did not want to hear. After prefacing his remarks with the tantalizing caveat that if he were still in university he could "get up and say what I damn well thought", he claimed that there was no brain drain and that Canada's research funds were just about adequate for a country of her size...

Strangely enough, Dr. Forward himself once seemed to understand the situation. The lack of exciting research opportunities, he said, had deprived Canada of too many native scientists who had emigrated to the United States. "It's not just a matter of higher salaries over there", he said. "I know several brilliant researchers who would gladly come back to this country, for less money if necessary, providing we could offer the challenge and the stimulation".

• (4:30 p.m.)

I may say, Mr. Speaker, that I have been approached by young scientists in the Government service who tell me of their disquiet and uneasiness over the failure of the Government to tackle the problem of scientific research. They point out that one of the necessary factors in scientific research is size. In the United States, for instance, there are five what are known as research parks in which there has been a concerted and integrated effort both by government and industry to develop a research centre which will attract first-class research brains, people who can go there and have the stimulating effect of exchanging their ideas with those of their colleagues. Here in Canada we have had nothing done by the Government to solve this problem.

I have here a letter written by the General Secretary of the Canadian Medical Association to the Minister of National Health and Welfare (Miss LaMarsh). Dr. Kelly has this to say:

> We agree with the dictum of the Royal Commission that the education of physicians is a matter of national concern and, despite the constitutional complexities which are inherent, we ask that the Government of Canada recognize this and express its concern by making very substantial funds available for purposes of medical education and medical research. Education and research in our field of interest are so intimately related that they should be regarded as inseparable in the current context.

Let me also quote from a letter written by the physician-in-chief of the Royal Victoria Hospital, who is also director of the McGill University Clinic at McGill University. He says:

> I will be pleased to hear of your progress in calling this to the attention of the Government.

That is the lack of research facilities.

> I think Canadian biological research is at the crossroads and that our present position is entirely dependant upon the Government's lack of recognition of the problem. Either we become a second, third, or even fourth rate nation with respect to contributions to biological research or we must have relief. I think government is near sighted in recognizing that if it doesn't have teachers and individuals guiding the clinical care of patients, who are also investigators, the level of competence of our graduates from medical school

will gradually fall and the over-all level of medical care throughout our nation will become increasingly poor.

These are expressions of opinion from people who are experts in the field. Yet the Government bring in a budget which makes not the slightest provision to correct this situation. All they do is do a snow job on the people of Canada to try and make them believe that real research facilities are being established and that real research programs are being carried out. In fact no real effort is being made to do this. Instead, the Minister of Finance comes before us and smirks modestly that he has almost balanced the Budget. He tells us we are riding a wave of prosperity. He tells us that everything is lovely today in our Canadian garden under the aegis of the great Liberal Party. Yet in these most vital areas of national development today this Government is doing precisely nothing and has exhibited not the slightest intention of doing anything. Yet we are asked to applaud the Minister when he comes before us with his budget.

I suggested last year, Mr. Speaker, that we had at least progressed to the point where it was understood that a budget is more than merely a statement of the housekeeping expenses of the Government. We had advanced to the point where we realized that a budget is a mechanism by which a Government, if it is active, alert and intelligent, will direct and guide the development of the economy, will sponsor those areas which need help, will see that the economy expands and that the distribution of national income is not too inequitable.

I suggest now, Mr. Speaker, that we have something else to face as well. I suggested at that time there was something else which the Government had to do, and that was to take into consideration the quality of life in our society. I was very much struck by the report of the Economic Council for Canada when they tell us that we are going to require one and a half million jobs by 1970. But they do not tell us what kind of jobs. They do not tell us what sort of jobs these people are going to occupy. They do not tell us what sort of things will be achieved by these jobs. They do not tell us whether this is going to improve the nation of Canada or whether it is not. They do not tell us what sort of lives these one and a half million job holders will be condemned to. These are questions which now have to be faced by modern governments, because they surround the whole question of the quality of life in our national community.

[Mr. Cameron (Nanaimo-Cowichan-The Islands).]

It is not enough for the Government to come before us and say that our gross national product has expanded immeasurably and this year will reach $48 billion. Statistically this sounds very wonderful; but I suggest that sometimes our statisticians and economists should take a drive through the slum districts of the principal cities of Canada, that they should examine the sort of lives lived today by 25 per cent of our people, people who, experts tell us, are living at or near the poverty line. Then we could put this whole business of gross national product and economics into its proper perspective and realize that governments have to do more than merely stimulate the economy and make it expand; they must also decide in what way the economy will expand and what sort of quality of lives the people in our society are going to live.

We hear a great deal these days about revolutions, and many revolutions are in fact taking place—technological revolutions, political revolutions—and most of the time we consider revolutions within that framework. But I suggest that there is another revolution going on today, perhaps a more serious one, certainly one that is more difficult to discern and to define. It is a revolution in the ideas of men, a revolution in the sense of values of people in our modern, affluent society. In our naïveté we used to imagine that most of our problems would be solved, once we had solved all the physical problems of life, such as giving everybody a good job, making sure they had a satisfactory income, a good place to live, and consequently the new Jerusalem would arrive on time. These things are all important, and I consider that in light of the wealthy economy that is Canada's the existence of some of the things I have outlined today is nothing but an indication of sluttish housekeeping, of which we should be thoroughly ashamed. We should not tolerate it for another moment because we are too rich and wealthy to tolerate, with good conscience, this sort of thing.

But having done that we will have to face this other revolution, and it is beginning to make itself felt in our society today in rather disturbing ways. For example, it is making itself felt among our young people, in some cases in an encouraging manner. I read and heard a lot of critical comment about the young people who took part in the recent demonstrations in front of this House, in front of the American Embassy in Toronto, and at various places and for various causes. Whatever we think about the value of the causes

or the wisdom of the method of conveying their protests, nevertheless these young people were expressing a concern for the human race which went beyond their own individual welfare and individual satisfaction. I think this is an indication of one part of this revolution which is taking place in the thinking of men.

The other part is not so encouraging. There are the continued outbreaks of senseless violence against people who are unknown to the young people concerned. Groups of young thugs go about beating up people for no conceivable reason, which again is an expression of dissatisfaction with the sort of society we have provided for them. I would suggest, Mr. Speaker, that there is not much that you and I and those of our generation, and younger, can do about this in the way of direction. We cannot tell this rising generation what sort of values they should have; they have to work them out for themselves. What we can do is give them the intellectual tools by which they can work out a new scale of values that will be more satisfying to them than the scale of values of the present affluent society.

I hope that before too long Governments in advanced countries such as Canada will take into account this terrible need which now lies before us of providing a more satisfactory life for people who have become disillusioned with an affluent society. This will require immense investment in education. I agree with the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan) that we must not allow constitutional barriers to interfere in this regard because this is something too serious to allow legalities to stand in the way.

• (4:40 p.m.)

I do not think we can solve this problem merely by providing funds for higher education in the way we have been providing them to date, because much of the failure in respect of Canadian education occurs at an earlier period of time when ill-trained teachers in schools with classes far too large attempt to cope with an impossible situation. Somehow we must deal with this problem and divert to education the vast funds which are now being drained from the Canadian economy.

Perhaps when our young people who protest in one way or another have succeeded in establishing new values we shall then have not merely a prosperous Canada, but a civilized Canada in which people will be able to live lives more satisfying, pleasurable and useful than they are now living.

I now wish to make more precise the amendment advanced by the Official Opposition. I move, seconded by the hon. Member for Winnipeg North Centre (Mr. Knowles):

That the amendment be amended by deleting therefrom all the words after the words "lower income groups" and by inserting instead thereof the following words:

"by exempting from income tax all single persons with incomes up to $1,500 a year and all married persons with incomes up to $3,000 a year, and by failing to raise the old age security pension to $100 a month".

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, in rising to take part—

Mr. Grégoire: What is going on?

Mr. Leboe: Mr. Speaker, I wish to speak on behalf of—

The Acting Speaker (Mr. Cameron, High Park): Order, please. Is the hon. Member rising on a question of privilege?

Mr. Leboe: Mr. Speaker, I was rising to speak on behalf of the Social Credit Party.

Mr. Sharp: Mr. Speaker, I rise to speak on behalf of the Liberal Party.

Mr. Peters: We have already heard from a Member of your Party.

Mr. Grégoire: Is the Minister of Trade and Commerce rising on a point of order?

Mr. Sharp: I am rising to speak—

The Acting Speaker (Mr. Cameron, High Park): Order. It is my understanding that the Minister is rising to reply to a motion of want of confidence. The Minister of Trade and Commerce has the floor. I called upon the Minister of Trade and Commerce to speak because I am following the list of speakers which was given to me.

Mr. Knowles: Mr. Speaker, on a question of privilege, may I say that it has been the custom during the budget debate for the Minister of Finance to speak first, and then for a spokesman from each of the Opposition Parties to speak before a Member of the Government speaks again. I do not know what list of speakers was handed to you, but certainly nothing was said to me about it and it seems to me we should carry on the custom of allowing each Party to contribute to the debate before a second Member of any Party is allowed to speak.

Mr. Leboe: Mr. Speaker, on the point of order, may I say that my intention this afternoon is to speak on behalf of the Social Credit

Party, in the absence of the hon. Member for Medicine Hat (Mr. Olson).

Mr. Grégoire: I should like to speak on the same point of order, Mr. Speaker.

The Acting Speaker (Mr. Cameron, High Park): Order, please. Perhaps I should make a ruling at this time. Let me say that I was following the order of speakers contained in a list handed to me, but in view of the fact that we do have an established custom I will recognize the hon. Member for Cariboo as the next speaker. I am sure the Minister of Trade and Commerce will be glad to yield his place.

Mr. Bert Leboe (Cariboo): Thank you, Mr. Speaker. In the very short time available to me I should first like to address my remarks to the budget as it relates to the fiscal and monetary policies of the Provinces of Canada. I think it most important that we recognize the fact that the Provinces of Canada are the custodians of our natural resources, and that as custodians of our natural resources the policies of provincial Governments have more effect on the economic life of Canada and its prosperity than Federal Government policies.

With this fact in mind I should like to refer briefly to the May 1, 1965 edition of *Maclean's* magazine, as it bears out exactly the position I have advanced in respect of provincial Government policy and the relationship of these fiscal policies to Canada's prosperity.

The article in this magazine to which I refer is headed "Anybody can have a boom—but B.C.'s got three". The introductory paragraph reads:

> Two mighty rivers, a flock of new mines and a billion or so trees are making British Columbia the fast-buck centre of Canada. But the most wondrous natural resources of all are Mr. Bennett, who runs the place, and the array of coast-style go-getters who have learned to prosper without the blessing of eastern financiers.

The boom that is taking place in British Columbia is one that commenced quite recently. It is a boom that is affecting the whole economic life of Canada. Approximately $1 billion worth of goods have been bought by British Columbia from Ontario and Quebec alone in the last 12 months. When the Provinces of Ontario and Quebec refer to the economic conditions that exist in those provinces they should look westward to the boom taking place in Western Canada with thankfulness because herein lies the secret of their success.

• (4:50 p.m.)

Early in his budget the Minister of Finance (Mr. Gordon) referred to the balance of payments, and certain words in this connection caught my attention. He said that the improvement in the balance of payments had been achieved "not by restricting imports and travel by Canadians". If this is so, why have we not relaxed the regulations with regard to the total value of the goods that Canadians can bring back to Canada from the United States or other countries? Why can we not bring about a situation whereby our people can bring in more goods and services duty free, if it is not going to affect our balance of payments?

I have had numerous requests, as every Member of the House has, that consideration be given to raising the total value of goods that can be brought back to Canada by Canadians returning from other countries. According to the statement made by the Minister in the budget, this is not affecting the balance of payments. Therefore I am surprised that the Minister has not done something about this matter because he must have had representations made to him just as you and I have, Mr. Speaker. If we are to encourage free and easy travel between Canada and the United States and other countries, and if we expect the people of these other countries to visit Canada, certainly this is one avenue that should be explored to bring about a better relationship between different countries. People visit Canada and spend money in our country, and they will expect us to treat them as well as we are treated when we travel abroad.

The Minister also stated in his Budget speech that capital must be found to carry out economic expansion both for business and for government. I should like to ask the Minister this question: What is capital? I know he can give me the answer. I have said before and I say again I have never seen money grow on bushes in my life, and if it is money we are short of I say that a dollar brought into being by our central bank will be just as effective in doing business as a dollar that is imported from some other bank that is financing a prospectus. If we want industrial expansion, then I say that when we revise the Bank Act we should give the banks a little more leeway. Let us give them the opportunity to enter into the mortgage field by lending on fixed assets.

We know that today the expansion of credit is largely confined to the terms of section 88

of the Bank Act. Surely there is room for the banks as Canadian institutions to supply some of the financing for industry on the basis of taking chattel mortgages on certain fixed assets. It is no secret that an individual may have a very great potential with regard to dealing with a natural resource, but Canadian banks under the law are not in a position to provide the type of service that is required for that individual to go ahead with his expansion program. He has to pay higher interest rates on money he has raised from other secondary sources. This hampers the individual and hampers the industrial expansion of Canada. It hampers the material growth of the nation. It hampers trade patterns. The result is that we find ourselves in the position of having many more foreign owned industries in Canada than we would have if the banks, after their charters are reviewed, were given more freedom by being granted the power to accept mortgages.

Before five o'clock, Mr. Speaker, I want to refer to the fact that so far as I can see the Economic Council of Canada in its report failed absolutely to make reference to Provincial fiscal policy and industrial expansion in the Provinces. It seems to me that there lies the very foundation of our society. This is where we must start if we are going to create a million and a half jobs within a certain period of time. This is where we must look to find out exactly where we are going. But in the review of the Economic Council of Canada we find nothing regarding the effect of Provincial policies on the economic life of Canada. I should like to call your attention, Mr. Speaker, to the fact it is five o'clock, and adjourn the debate.

Mr. Deputy Speaker: Order. It being five o'clock the House will now proceed to the consideration of private Members' business as listed on today's order paper, namely, Notices of Motions, Public Bills.

WATER RESOURCES

SUGGESTED CREATION OF POLLUTION CONTROL DIVISION

Mr. H. W. Herridge (Kootenay West) moved:

That, in the opinion of this House, the Government should consider the advisability of the creation of a Water Pollution Control Division, composed of representatives of the 10 provinces, within the framework of the proposed National Resources Council, with powers and funds required to institute research programs, collect, collate, and analyse water control data, and to co-ordinate the water pollution control objectives for the provinces; in addition, to further the study of water pollution control problems of a national character.

• (5:00 p.m.)

He said: Mr. Speaker, before proceeding with the topic which I wish to discuss for a few minutes this afternoon I want to say how much this group welcomes the hundreds of farmers who came to Ottawa today to lay their complaints before the Minister of Agriculture (Mr. Hays) and the Government. I do that because I have great sympathy for their cause. I am actually one of the few hillbillies left in Canada. I farm in the mountains of Kootenay West, in the Selkirk range, and am more acquainted with grub hoes, cross-cut saws and pickaxes than farmers on the prairies. I am very glad the farmers are taking this aggressive and militant action in presenting their views to the Minister, and I am sure their talks with him and with other members of Parliament will bear fruit in the days ahead.

Now, Mr. Speaker, we are surrounded by and we are part of the eternal flux of life in an environment of natural forces, particularly when we come to deal with the question of water pollution and its increasing effect on mankind. An Eastern proverb states:

To survive all men must hold hands, and all living things are kin in the wholeness of nature.

Any wrong which nature may commit she has centuries to repair, but we whose days are short—and some of us are very conscious of that fact—must walk warily lest we become the victims of the wasteland we are rapidly making in Canada under present circumstances.

Water is Canada's most important natural resource. It must be clear to all those who have studied this problem that a national water management policy is a priority which must continue to concern all governments in Canada, all organizations interested in this problem and the people of Canada generally.

Before proceeding I wish to pay tribute to the good work that has been undertaken to date, with limited resources, by the Canadian section of the International Joint Commission, particularly with respect to the St. Lawrence Seaway and some other waterways. I want also to pay my tribute to the personnel of the water resource divisions of the national and provincial governments which, from our point of view, have had very limited budgets to deal with the problem that faces us at this time. I also want to pay tribute to all those public organizations interested in the conservation of all our renewable natural resources.

Further, I willingly pay tribute to that section of the press that is interested in reporting what is done in this Parliament and various other Legislatures to meet this problem. Some sections of the press would rather deal with the divorce problems of a Hollywood star, but we do have some solid people in the Press Gallery and throughout the press of this country, who realize how important it is to inform the Canadian people on this question. I particularly wish to mention Mr. J. S. Cram of the *Family Herald*, whose articles on the subject have done a great deal to inform a wide section of the public, particularly the farming public, on this question of vital importance.

I must also say I am particularly pleased with the actions taken to date by the Canadian Council of Resource Ministers and its determination in recent months to pay particular attention to the problems of air, soil and water pollution. Once again I have no hesitation in mentioning the former Minister of Northern Affairs and National Resources, the hon. Member for Qu'Appelle (Mr. Hamilton), for the progressive approach he took to this situation and for all the work he did in bringing that conference into being in Montreal.

This is a problem that affects all of Canada. It is a problem on the St. Lawrence, on the Great Lakes, on our lakes and rivers across the country which are close to large centres of population, and I am very sorry to say we now have the problem developing in Kootenay West, which is the constituency I have the honour to represent. To date we have been pretty fortunate in that the Columbia and Kootenay Rivers, and all the lakes in that part of Southeastern B.C., are practically unpolluted, but there is a danger because of increased population in certain areas and of industrial expansion that pollution will proceed at a much increased rate in the years ahead.

In that connection I want to quote from the Nelson *Daily News* of September 14, 1964, a report headed, "Cady Call for Attack on Pollution Supported," meaning supported by the municipalities of Kootenay district:

> Commissioner Cady felt the task should be given to the National Research Council or some other allied group.

That is the purpose of the resolution we have before us this afternoon.

> "We are slowly losing one of our greatest resources—water—and industry has already heard this warning and has got the message," he said.

[Mr. Herridge.]

> "So far as municipalities are concerned," Mr. Cady stated, "They are unable to correct the situation without aid."

He also said:

> A systematic plan of attack upon pollution should be devised and government sources should provide the necessary resources...."The day is coming when we can't go to the kitchen tap and draw a glassful of uncontaminated water. We must do better than that."

I might mention in passing that Mr. Cady has been nominated as the Liberal opponent of the N.D.P. candidate who will be nominated to contest the next election in Kootenay West, but I give him credit for his interest in this problem. I forgot to mention that he also had a little go at Mr. Bennett and stated:

> If Premier Bennett can lend the province of Quebec $100 million to finance their projects it ought to be possible for the provincial government to provide low cost loans to municipalities for financing their share of pollution control costs.

The districts particularly concerned in my constituency are the City of Nelson, the City of Trail and the villages of Castlegar and Kinnaird, and Mr. Cady has urged that Premier Bennett provide these municipalities with low-cost loans.

I have drafted out what I think a water control division should give consideration to, and I would be very happy to hear suggestions from other hon. Members. I suggest a water pollution control division should undertake the following research and development program, as a possible nucleus for continued research to meet the problems that arise from changing living habits, new industrial techniques and continued urban, agricultural and industrial expansion:

1. Establish engineering parameters which will continuously assess the total pollution and the actual state of our water resources. That is essential because then we would be informed on the problem with which we are going to deal.

2. Probe for new methods of waste treatment geared to remove any and all contaminants. There is a great field for research here.

3. Evaluate the health and economic aspects to crystallize public opinion and establish a basis for a national policy, which would be worked out in co-operation with the provincial governments.

4. Develop adequate hydrologic, geologic and geographic data, co-ordinating these data into a nation-wide scheme, making inventory of our total water resources using drillers' reports and other data.

5. Set up a comprehensive watershed research program to learn the effects of logging, farming, recreation, construction and other activities on the quality of water.

6. Collect reliable basic data on water usage by industry and by region from coast to coast, including a detailed survey of selected industries.

7. Investigate the individual and composite effects of the many complex substances that are polluting air and water. This includes a study of agricultural chemicals and how these are handled, suractants such as alkyl benzene sulfonate, phenols, cyanides, and others. The studies should be concerned with the methods of treatment and the establishing of safe limits under continuous exposure.

• (5:10 p.m.)

8. The division might further evaluate the effect of suspended solids on benthic organisms in conjunction with such United States workers as Hoak of the Mellon Institute who has done a great deal of valuable work in this field and, in so doing, set rational limits to pollution of this type.

9. They might set up a program for monitoring and releasing radioactive wastes; measure alpha and beta radiation for both suspended and dissolved solids and then determine better treatment methods; determine the safe levels for aquatic life by finding the concentration factors of the critical radioisotopes; organs or tissue which accumulate radioactivity; the most sensitive stages in the lives of marine biology; the method by which organisms assimilate radioactive materials. This is a field about which we must be more concerned than we have been in the past.

10. They could evaluate oxidation stabilization ponds particularly for various Canadian regions; establish their effects on groundwater; establish their effect on pathogenic bacteria and viruses; establish reliable design criteria and especially ascertain the design relationships between B.O.D. loading, volume, depth and desired degree of treatment. Establish any other limitations such as types of wastes.

11. Establish the inactivation of pathogenic organisms that is obtained by all the modern recognized methods of treating sewage and handling sludge; determine the minimum disinfection required for each method. This is very necessary for smaller communities and villages which cannot undertake large expenditures.

12. It could study the travel of pathogenic bacteria and viruses in the water tables and in various formations. It is interesting to note how these viruses travel through soil formations and how pollution is found in water a long distance from where the pollution originally occurred.

13. It could obtain full data on areas using septic tanks; methods of construction, laying of tile, proximity to wells and the effects on these wells.

14. It could assist industry in the study of its problems, realizing that many industrial waste problems are highly complex and may require a combination of industrial and sanitary engineering skills.

15. Conduct oceanography studies as related to waste disposal, including a study of salt water intrusion into groundwater resources. This is of particular interest to communities close to tidewater.

16. Establish the purification capacity and water quality criteria for all rivers and streams of economic importance.

This is a big program but I do suggest it is not beyond the limits of a water control division, provided it has funds to undertake these studies. It would provide a great opportunity to graduates from our universities who are particularly interested in the conservation of renewable natural resources and, in this instance, all the problems related to the maintenance of a pure water supply for the Canadian people, and the improvement of situations where this does not exist at the present time.

I am very pleased with the work outlined by the Council of Resource Ministers. The council has a public relations officer, Mr. Walter Gray who is, I believe, ideally suited for this position because he is deeply interested in the conservation of natural resources of all types. He kindly came to give an address to the annual meeting of the Canadian Tree Farmers Association, of which I happen to be the president. He outlined the establishment of the council, how it operates, what it is intended to undertake, and so on. In the course of his speech he said:

> The Council has so far held three plenary sessions. The first, as I have mentioned, was in Toronto in September, 1962. The second was in Montreal in November 1963, three months after the Secretariat was organized. At that time the Council authorized the Secretariat to carry out an inventory of the 70 Federal-Provincial and interprovincial resource agreements.

I think that was a good undertaking. Mr. Gray went on to say:

> A review team was organized and worked until last September amassing data. The final draft of

the inventory is now being prepared for presentation to the Council at its next meeting, in Victoria, B.C., in May.

The Secretariat was given its second major assignment at the third plenary session in Prince Edward Island last June. At that time, Council agreed to sponsor a conference on water, air and soil pollution. The National conference, to be called, "Pollution and our Environment" will be held in Montreal in the Spring of 1966.

I see my time has almost expired, but I do wish to mention that there is a great deal of work to be done in this connection. I also wish to congratulate the Minister of Northern Affairs and National Resources (Mr. Laing) on the excellent speech he made at the Northwest Pacific Trade Association held in Portland recently, in the course of which he emphasized the need for the conservation of our water resources in Canada and the determination of this Government to protect those resources for this and future generations before dealing with Government in the United States with respect to the export of water and so on. I was very glad to hear that.

The question of water conservation is a most important one and it has caught the imagination of many people. I noticed in today's *Globe and Mail* a report of a meeting addressed by Mr. Robert Turnbull, a *Globe and Mail* feature writer. He is another of the press men to whom I pay tribute. He is deeply interested in this question. Addressing the Sixth Convention of the Ontario Institute of Professional Agrologists and the Agricultural Institute of Canada he urged establishment of a Federal Department of Water Resources. He went on to say:

Geologists have warned that the demand for water in the United States may exceed the supply as early as 1970 These same geologists have added that the unpolluted river systems of Canada and Alaska could be tapped to meet U.S. demands.

Hence, a Federal agency is needed to protect Canada's most abundant resource. Hard on the heels of the Columbia River project—

I will not go into that now, because I could talk about it at some length—

—a proposal has been advanced to divert Canadian and Alaskan waters to the benefit of the West Coast states.

He went on to say:

The public is only casually aware of the growing crisis in water supply. Everywhere we turn nowadays we see people marching with signs damning The Bomb or segregation or a host of other ills, but have you ever seen any mass rising to shout about the water crisis?

Mr. Turnbull goes on to give examples of ancient civilizations which were destroyed as a result of the exhaustion of their water supplies. He points out that today the per capita consumption of water in the United States is in excess of 560 gallons a day, and that this consumption is expected to double in the not distant future. Further on he writes:

Dangerous diseases have been transmitted by the pollution of U.S. tidal waters and the consumption of shellfish from these waters.

He ends by saying there is a possibility that the United States might annex Canada to gain access to our water resources. That is a bold prophecy. I hope it will never come about because of the attention paid by this Government and future Governments to this important question.

Mr. Speaker: Order, please. The hon. Member's time has expired.

• (5:20 p.m.)

Mr. D. G. Hahn (Broadview): Mr. Speaker, the hon. Member who has introduced this motion is supposedly, according to the stories I have heard, going to retire. I have also heard him referred to as the Baron of the Kootenays, and I gather from the hon. Member's interest in this topic that he is determined that when he does retire and returns to his baronage, or whatever it is that a baron goes to, he shall have clean water there. I am not about to retire, I am not a baron, and I do not come from the Kootenays; but I agree with him wholeheartedly and commend him for bringing this topic forward because I do think it is a matter of interest and concern. During the Throne Speech debate I spoke about the problem of water pollution on the Great Lakes and I do not today want to rehash what I said then. I do think, though, that before I get into the specifics of the motion proposed by the hon. Member I should go back to a few of the fundamentals involved in this problem.

We all know that water is an essential resource. We all know that we have an ample supply of water for our present and forecast future needs in this country, provided we do not destroy the water that we have. There is ample evidence that we are destroying this water; we are in process of destroying this resource. This is why the problem has come before us now and is receiving attention generally throughout this country and the United States. The problem really varies in its severity and its nature from region to region across the country, but I think it is safe to say that virtually all waters that are surrounded by any large group of people are contaminated or polluted to some degree. It is also fair to say that the problem is probably most severe in the Great Lakes

region and possibly in the St. Lawrence region, particularly the Great Lakes because the water there does not flow swiftly. These are reservoirs, and the pollutants tend to collect and stay there. With faster moving streams, faster moving bodies of water, they tend to some degree to flush themselves. So the problem is probably most severe in the Great Lakes area.

I have some figures that I think are interesting and give some idea of the economic impact of this problem. They are figures that have been prepared by Dr. A. E. Berry, who was formerly, I believe, Chairman of the Ontario Water Resources Commission and is now Secretary-Treasurer of the Canadian Institute on Pollution Control. He has come up with some figures that give, Province by Province, an annual estimated cost of the pollution of our waters. I will give these figures now, Mr. Speaker: for the Province of British Columbia, $32 million per year; Alberta, $30 million; Saskatchewan, $20 million; Manitoba, $23 million; Ontario, $175 million; Quebec, $156 million; New Brunswick, $18 million; Nova Scotia, $18 million; Prince Edward Island, $2 million; Newfoundland, $10 million—for a total of $484 million per year. He has, in arriving at these figures, considered the cost of the following items. He has regarded the effects of pollution as affecting drinking water supplies, recreation in all forms, industry, agriculture, commercial fisheries, sport fishing, the effects of nutrients on the production of algae and other conditions in the waters, the build-up of chemical products, the destruction of fish and aquatic life by poisons, the effects of herbicides, pesticides, and so on. So he has come up with a figure of $484 million per year as the cost right now of the pollution of the water resources of this country. It is a significant amount of money; it is a significant problem, and let us see what really should be done to stop it.

On its face, it should be a simple problem to solve because there are only three real sources of pollution. First of all we have the pollution caused by the discharge of untreated or improperly treated sewage from our municipalities. The cure would appear simple. We just have to instal adequate sewage treatment plants in all our municipalities so that this pollution does not occur. In order to do this we require, really, two things. We require the necessary provincial legislation and we require a very, very large sum of money. I have no idea, because I have not been able to get a reasonable figure, of how much money really would be required, but I do know that it would be substantial. A figure I gave in the Throne Speech debate indicated that Toronto, which has done a very good job of treating its sewage, would require another $300 million or so to do a completely adequate job. This is just one major community of many across this country.

The second source of pollution is industrial waste. Surely if industry would stop dumping pollutants into our streams, this would cure that problem. There has been an estimate—and I am quoting from an article in a Toronto paper, the Toronto *Star* of Thursday, April 22—that 30 per cent of industrial wastes in the Province of Ontario are discharged in a polluting condition into the waters, streams, rivers and lakes of that Province. The great need there is, (a) for legislation, and (b) money, so that industry can deal with this problem. I was very glad to see in the budget that was brought down on Monday that the Federal Government is going to allow tax concessions by allowing a depreciation rate of 50 per cent on capital works that are put in by industry so that industry will not dump raw pollutants into our waters. I had a notice of motion on the order paper that called for this sort of approach. I certainly do not claim any fatherhood for the item in the budget, but I am very glad to see that this step has been taken, because there is no use introducing legislation forcing industry to take this step if industry does not have the financial resources to do so. Therefore I think the item in the budget has gone a long way toward making it possible for the Provinces to enact legislation knowing that industry will be able to finance the capital works involved. It may be necessary, and I am not sure, to go even further and to allow industry that does not have sufficient capital to, possibly through the Industrial Development Bank, obtain a form of low interest loan to enable them to quickly put in the plant required. But that is the second part of the problem, industrial waste.

The third major source of pollution is from shipping, ships that discharge garbage and sewage as they ply the heavily travelled waterways of our country. To deal with this problem we need Federal legislation, amendments to the Shipping Act that will prevent ships from doing this and will prohibit them from doing it. We need, of course, the concurrence of our American friends, who share these waterways, that they will pass similar

legislation so that no ships, particularly those sailing through the St. Lawrence Seaway and the Great Lakes area will be allowed to discharge and dump sewage into these waters.

In addition to this we have the problem of pleasure craft in some of the smaller recreational areas in the country. I think of the Muskoka Lakes, that I am familiar with, in Northern Ontario where, because of the large numbers of pleasure craft plying those lakes, and lakes such as Lake Simcoe, there is a problem of pollution caused by their sewage. So I think the day is not very far away when we will have to pass legislation requiring pleasure craft to instal some form of container or tank so that raw sewage is not pumped from the boats into the water.

• (5:30 p.m.)

If this is all we need do, these three things—stop municipalities from dumping sewage into the lakes, stop industry from doing that as well as preventing shipping from doing it—then why do we not go ahead and do this? What are the problems or difficulties which are holding us back? There are really four major deterrents or problems. First of all, there is the problem of co-ordination. Canada and the Great Lakes area and many of our streams and rivers are only half the problem; we must remember we share these bodies of water with another country.

Second, there is the cost required to deal with the problem. Vast sums of money are required by municipalities and by industries to put in the necessary treatment plants.

Third, there is the problem of public education so that various levels of government will be able to raise taxes and spend money for this purpose. Like the hon. Member for Kootenay West, I too commend those people in the press who have taken this problem to heart and are starting now to give it adequate publicity and treatment, so that the general public is informed.

The fourth thing which needs to be done concerns the problem of research. We do not have enough information about the methods of treatment. We do not have enough information about the tolerable levels of pollution which any stream or river can take. There is much more to be done in this area. In the Great Lakes work is being done by the United States. The Great Lakes Institute is also doing work on the Canadian side in this regard. But the amount of money the Great Lakes Institute has to work with is such that their funds from the Federal Government amount to about $240,000 per annum, and that is all. When we consider that we are talking of losses in the Province of Ontario alone of around $175 million per year, it seems pretty paltry to spend $250,000 to do the fundamental and necessary research required for this problem.

I think we are starting now to take the correct steps toward a long term solution of the problem. The hon. Member for Kootenay West mentioned the conference which is going to be held in the spring of 1966 by the Council of Resource Ministers to deal with the specifics of air, water and land pollution. This meeting will be dealing with a whole series of topics and with the co-ordinating mechanisms between Federal and Provincial Governments which will be necessary so that concerted action can be taken to deal with the problem in the country.

Some of the topics they will be considering I think are worth putting on record. They are going to consider the historical perspective on environmental pollution and its control in Canada; the nature and sources of environmental contamination; the effects of such contamination on public health; the effects of such contamination on the national environment and economy; the pesticide contamination of the Canadian environment; the solid waste disposal and land improvements; radiation pollution; the extent of water pollution in the Provinces and the programs for its abatement; the participation of the Federal Government in investigations concerning pollution; programs of control—essentially legislation; industrial accomplishments in the control of pollution in Canada; criterion standards for a cleaner environment; the development of new instruments for measuring pollution; pollution control techniques; legal safeguards against pollution; an analysis on Canadian and other water pollution control organizations; and the economics of pollution control and methods for financing pollution control.

I think that if they study these topics carefully an adequate program and method can be devised to deal with the problem of pollution of our water, air and land resources. I think they will also be the only body in this country which can do that, because of the jurisdictional problem, where water resources are essentially a provincial resource. The Provinces have to enact legislation with respect thereto, yet the Federal Government has a certain part to play. Obviously it has a certain role to play in providing finance. This meeting which is planned for the spring of

1966 will, I think, be the answer to our pollution problems. I think it really meets the requirements of the motion suggested by the hon. Member, and for that reason I do not think we should pass the motion.

There are only two, I think, shortcomings in this program which the Resource Ministers will be putting forward. First, I am of the firm opinion that the Great Lakes region cannot wait for the long-term solution to the problem which this meeting will start to work on. I believe the Great Lakes requires action before the results of these meetings come forward. I believe the problem in the Great Lakes is simple enough—it only involves one Province—that we should now deal with that area.

Second, I think the Federal Government should now step up the sums of money it allocates to research in these fields. I do not think we require a Council of Resource Ministers to tell us we should be spending more than a quarter of a million dollars a year on research in this area, when the potential losses run in the region of half a billion dollars a year. To me this ratio does not look very reasonable, so I think we do not need a meeting of Resource Ministers to tell us of our shortcomings there.

Subject to action being taken quickly on the Great Lakes, and subject to action being taken to increase soon the amount of money we spend on research, I believe that the meetings scheduled for the spring of 1966 will meet the requirements of the motion proposed by the hon. Member for Kootenay West; and I believe they will meet the long-term needs of the country as far as dealing effectively with the problem of pollution of our water, and in addition our air and land, is concerned.

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, the discussion which is taking place this afternoon is one of those discussions we have had over the years precipitated by the initiative of our good friend from Kootenay West (Mr. Herridge). It deals with a problem in which he has had a vital interest over a number of years. Indeed, during all the years I have been in this House I think the hon. Member for Kootenay West has provided an opportunity for Members to make a contribution to a consideration of the wise management and multiple use of our renewable resources, of which none is more vital than water.

As a result of these discussions which have taken place over the years, I do not think we need any further background information as to the nature of the problem. It is true enough that for many years there was lethargy and indifference concerning the conservation of our water resources. But now, as a result of many recent activities, I feel that the attention of the nation has been aroused to the necessity for immediate and urgent action to come to grips with this one aspect of wise management of our water resources, namely the control of pollution.

• (5:40 p.m.)

It is for that reason, Mr. Speaker, that I, as one Member in this House, heartily support the motion which has been moved by the hon. Member for Kootenay West this afternoon. I think also that I can speak on behalf of Her Majesty's Loyal Opposition, because certainly our activity during our brief term in office demonstrated in a clearcut way that we were not only interested in talking about this problem but also intended to proceed with immediate action.

Mr. Herridge: You get full marks for that.

Mr. Dinsdale: I thank the hon. Member for Kootenay West for those kind words.

There has already been some review made of the recent developments in this area of water control, so it is not necessary for me to recover that area of the subject.

The hon. Member for Broadview (Mr. Hahn) spoke a moment ago in reference to a conference to be sponsored by the Resource Ministers Council to be held in 1966, as the next great step forward in effective control of pollution. This development was contemplated by the Resource Ministers Council conference held in 1961. If there is any doubt about the adequacy of the background information on the subject and the delineation of the problem, Mr. Speaker, let me refer hon. Members to the voluminous reports which were made by that Resource Ministers Conference held in Montreal in 1961.

At that time this whole area of water control was thoroughly and exhaustively examined by the most competent people from all walks of life and areas of responsibility in Canada. One of the specific recommendations made by that conference related to the formation of a National Advisory Board on Water Conservation. That recommendation had the immediate support of the then Prime Minister and I would anticipate, and I do not think I am putting any thoughts into the mind of the mover of this resolution, that the sort of water pollution control division that he con-

templates would parallel very closely the functions of the National Advisory Board on Water Conservation, the establishment of which was the subject of one of the major recommendations of the Resources for Tomorrow Conference.

It is useful to note, Mr. Speaker, that the Government of Canada, and this House, and more recently the Resource Ministers Council and its supporting secretariat, have not waited for additional legislation before making a contribution to the solution of this problem. There are already existing Acts in force which can be used to come to immediate grips with the more extreme abuses. I refer, of course, to the fact that as soon as the Resource Ministers Council steering committee met to plan the conference it realized that the critical time was upon us, with the result that the Government in 1959 moved immediately to provide some means whereby municipalities could deal with local pollution problems. Sewage and water control legislation had been the means of direct action toward the control of pollution in most of the major municipalities across this nation.

Within the next few weeks my own City of Brandon will complete the construction and development of its first venture into the area of sewage control. This is a minor development, but it is typical of the kind of action municipalities have taken across Canada.

There is also in existence the Canada Water Conservation Act which was approved by Parliament in the early 1950's. This Act remained dormant until the latter 1950's, and up to the present time there have not been many major water control and conservation projects launched under the provisions of this Act.

Perhaps I should refer the hon. Member for Broadview to the major project which has been launched under the Canada Water and Conservation Act, namely the Metropolitan Toronto water conservation development which by now must be in its latter stages of development. This is being carried on under the direction of Dr. Berry, for the Province of Ontario, and the Division of Water and Resources of the Department of Northern Affairs and National Resources. This is the first major co-operative attempt by the three levels of Government—Federal, Provincial and local—to come to grips with all aspects of water control and conservation in one of Canada's major metropolitan communities. The Federal contribution toward this project was some $14 million, and that will illustrate the vast sums of money which are required to really provide a solution to this problem. That $14 million represented only 33⅓ per cent of the total cost of that project.

To bring my brief remarks to a conclusion, in order that other hon. Members will have an opportunity to make a contribution to this discussion, let me suggest that we have observed various ad hoc, almost hit or miss, emergency projects. Up to this time sewage legislation has been of this ad hoc nature. The action contemplated by the Budget speech of Monday night, whereby industry will be able to derive some tax benefit from moves toward the control of industrial pollution is the kind of ad hoc, hit or miss project which has been developed in an attempt to correct this situation which has reached a critical state.

If the Resource Ministers Council can create the sort of organization that was recommended by the Resource Ministers Conference of 1961—at that time it was called the National Advisory Board on Water Conservation—I am sure that everything contemplated by the hon. Member in his resolution now before the House will be achieved.

I should also like to join with other Members who have spoken today in complimenting men such as Walter Gray who, at some personal sacrifice to his journalistic career, accepted the position of information officer for the newly formed Resource Ministers Council in order that he might devote his full attention to informing the public about the critical nature of this problem. Canada has been a land of limitless and renewable resources. The frontier concept of outward expansion has remained with us far too long. I think it is an encouraging sign that we have received agreement from all sides of this House today, and I hope that at long last the Governments of Canada at all levels will move together in a co-ordinated way to ensure that this most vital of all our renewable resources will be preserved and conserved for the future.

• (5:50 p.m.)

Mr. Bert Leboe (Cariboo): Mr. Speaker, I rise only to congratulate the hon. Member for Kootenay West (Mr. Herridge) on bringing forward this resolution. In doing so I believe he has brought to the attention of the House one of the more important matters confronting our people today. Certainly the outline he gave of what the task of such a water pollution division would be was quite full and complete. As a member of the Committee on Mines, Forests and Waters, I hope

that the words he has uttered in regard to this matter will be taken into account by the Government frontbenchers. I know the motion is not going to come to a vote because these motions very rarely do, and I note a Member on the Government side rising to make sure that the motion did not come to a vote.

If we were to give the necessary consideration to this very vital problem I think we would have to spend a lot more time on it in the House, and would also have to be prepared to vote a great deal of money for purposes of research and in order to avoid the pitfalls that have beset other countries in the world with regard to water pollution. In order to allow time for a vote I am simply going to say that we are very much in favour of the motion of the hon. Member for Kootenay West and we would like him to know that we support him wholeheartedly in his efforts along this line.

Mr. Jack Davis (Coast-Capilano): Mr. Speaker, I should like to say a few words as a private Member from what is probably one of the most water resource rich constituencies in Canada, that of Coast-Capilano. We have a long seacoast and a number of substantial rivers and streams, and the people of that area are very much concerned, of course, with pollution as well as other matters of water management. I should like to make several suggestions in the few minutes left to me and they are made in my private capacity.

First, I should like to see the very excellent provision contained in the budget with regard to a fast two year write-off on machinery and equipment structures for water pollution control, extended to air pollution control. I think this would be very desirable and would result in measures generally beneficial to the rest of our society, particularly society other than industry. I should like to see special grants made available for research into pollution control not only in respect of water pollution but also air pollution. I should like to see one department of Government in Ottawa assigned the responsibility for looking after the management of water matters, including not just power and navigation but also pollution control, etc. In other words, the multipurpose use of water should be looked at comprehensively by one department to which this responsibility has been specifically assigned.

I should like to see more effective machinery set up for Federal-Provincial and even Federal-Provincial-Municipal co-operation in respect of water matters. In this country the jurisdiction with regard to pollution is divided between the Federal authority and the Provincial authority in a fashion which does not lead toward an administratively easy approach, at least, to a matter which should be attacked on all fronts simultaneously. In summarizing that position I should like to quote Professor Bora Laskin who was one of the contributors to the Resources for Tomorrow Conference which has been referred to by other Members who have spoken today. Under the heading "Jurisdictional Framework For Water Management" there is the following in a summary of a paper he gave in 1961:

> Legislative regulation, or even extinction, of these private and public rights and legislative control of other aspects of water resources are, in some respects, within federal and, in others, within provincial competence. Federal authority is comprehensive with respect to land and water lots owned by the Federal Crown. Where, however, it must rely on legislative power only, it is doubtful that its navigation power is ample enough to justify ancillary regulation of water power rights, flood protection, pollution and the like. Yet provincial legislative power in these matters, otherwise fairly broad, is subject to the paramount authority of Parliament in relation to navigation and shipping, and fisheries. Limited power exists in Parliament under its criminal law power, e.g. as to prohibition of pollution, but short of conceding to its authority to legislate in the interest of general public health, regulation here rests in general with the Provinces.

There are some gaps other than this very difficult constitutional one which I think can be plugged either by the Federal Government acting on its own initiative or by the Provinces acting unilaterally on their own initiative. One is in respect of the pollution of waters immediately offshore. We had an expensive but interesting example of this in my own riding last year. A barge roughly 150 feet long and carrying 9,000 barrels of oil sank a few miles offshore from West Vancouver. This hulk sank in roughly 300 feet of water It was worth some $25,000. It was estimated initially that rescue operations would run to several times that amount, so the barge was abandoned. The hulk was no longer of value to the private oil company concerned and it was left for the rest of our community either to leave it there, in which case it would constitute a hazard over the long term because it would ultimately tear open, and also in the short term because it was leaking, or to get the Federal Government to do something. The Federal Government had to move in this connection, and it

did so to the extent of some four months of effort and an eventual cost of more than a quarter of a million dollars.

The barge was raised and its contents were sold for a fraction of the cost of raising it. The result was that the Federal treasury, in the last analysis Canadian taxpayers, was left to foot the bill. There is a large gap in our Federal legislation in this respect. It should be possible for the Federal Government to move against someone for negligence of this type. This vessel was afloat, admittedly in a sinking condition, for several hours before it sank. Something could have been done about it had action been taken early enough, and possibly action could have been taken by the private interests. At the very least there should be legislation to take care of cases of this kind.

Mr. Deputy Speaker: Order. The hour set aside for the consideration of Private Members' business has now expired.

BUSINESS OF THE HOUSE

Mr. Deputy Speaker: Is there to be an announcement about the business for tomorrow?

Mr. Knowles: It will probably be the Budget.

Mr. Drury: Mr. Speaker, we will continue with the Budget debate tomorrow.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, April 29, 1965

The house met at 2.30 p.m.

ROYAL CANADIAN MINT

STATEMENT ON AVAILABILITY OF NEW COIN SETS

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, a few days ago I stated that I hoped shortly to be in a position to inform the House concerning the present situation of the Mint with regard to the production of mint sets of uncirculated coins, and to advise the public as to when the Mint will be ready once again to accept orders from people whose requirements have not yet been met. I am now in a position to report on these questions.

It will be remembered that at the beginning of this year the Mint was confronted with an enormous wave of orders for these coins, estimated at some 6 million sets. To handle this unprecedented situation it was decided at that time that the Mint would accept all orders received on the first day, which happened to be January 2, and would ship the coins thereafter as and when the sets could be produced. These orders involved some 2 million sets. The remaining orders, covering another 4 million sets, had to be returned to the senders. However, I explained at the time that as and when the facilities of the Mint could be expanded later in the year, it would be able to give its attention to these unsatisfied needs.

To fill the orders for the 2 million sets in question the Mint took on additional staff, and for most of the time since January has been operating three shifts a day and six days a week. I think the employees of the Mint are to be warmly commended for the way they have pitched in to help cope with this unusual situation.

Some hon. Members: Hear, hear.

Mr. Gordon: As a result of these efforts, it is now estimated that up to yesterday 1,100,000 sets have been shipped out to collectors. It is expected that the balance of these 2 million sets will be produced and shipped out before the end of July. I should mention that not quite all the additional requests which the Mint accepted last January 2 have been acknowledged as yet, but these requests will also be acknowledged, and the coin sets shipped to the senders, before the end of July.

• (2:40 p.m.)

While this accelerated production of Mint sets has been going on the Mint has also been busy acquiring additional accommodation and equipment for its numismatic section. Additional space has been obtained in the Government Printing Bureau in Hull, and this space is now being made suitable and secure. The additional coin presses and other equipment ordered some time ago are expected to be delivered in another week or two and will be installed shortly. This will have the effect of doubling the existing facilities for the production of these coin sets. Additional packaging and distribution facilities have also been set up. In other words, the new machines should be ready to roll very soon. Consequently, by the end of July, when we expect that all of the initial 2 million sets will have been shipped out, the Mint can begin to produce sets to meet the requirements of those whose orders had to be returned earlier in the year, and of any others who are entitled to purchase sets.

I therefore wish to advise the House that beginning today the Mint will resume accepting orders for 1965 sets of uncirculated coins from all who want them and whose requirements are not already met, or are not in the process of being met, by the arrangements I have just described. I repeat the undertaking I gave publicly at the beginning of the year, that the production of these 1965 coin sets will be continued until all legitimate orders have been filled, even if it takes the remainder of 1965 and part of 1966 to finish the job. Requests will be filled, of course, in the order in which they are received. However, in view of the large numbers involved, I must emphasize that it may well be some months after July before all orders can be filled.

The conditions of the sale are unchanged. That is, orders will be accepted for one, three or five sets per person, with a maximum of five sets per person, at a price of $4 per set. Each order for a set or sets should be accompanied by a remittance and be in the name of a single individual. Such orders

must be regarded as final, so that subsequent cancellations cannot be accepted. Persons whose earlier applications have been met, or have been accepted by the Mint, should not apply for additional sets. Applicants who have not yet received an acknowledgement from the Mint but whose applications have not been returned, should assume that their requests have been accepted by the Mint. Their sets will be delivered before the end of July.

I should also mention that some current shipments from the Mint are being returned with requests that they be remailed to other addresses. I have agreed that the Mint will charge $1 to cover the additional labour and other costs incurred by the Mint in providing this service.

One last word, Mr. Speaker, concerning speculation in Mint sets. In view of the assurance I gave to the public earlier this year, and which I now repeat, that the Mint will be able to provide everyone with his or her full entitlement, there should be no need for ordinary collectors to pay high speculative prices for these coin sets. Everyone will be able to obtain their requirements of up to five sets at the issue price of $4 per set.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I just want to say that I am very pleased to hear the Minister of Finance make this announcement, and to realize that he is responding so favourably to representations made by members of this party.

[*Later:*]

On the orders of the day:

Mr. Frank Howard (Skeena): I have a question for the Minister of Finance arising out of his earlier statement on motions that orders would once more be accepted for 1965 sets of uncirculated coins. The Minister told us that as from today the Mint would resume accepting orders, but he gave no indication of any closing date for the acceptance of orders for 1965 sets. Could he enlighten the House on this matter?

Hon. Walter L. Gordon (Minister of Finance): At some time toward the end of the year, when most of the orders are in, there must be a date when it will be appropriate to close these orders off. But I wish to make it very clear that we are not doing anything to encourage speculators, so the longer this is kept open the better it will be for the ordinary person who wants to buy a set for $4.

[Mr. Gordon.]

Mr. Howard: The Minister indicated in his statement, and he has done so now, that production of 1965 uncirculated sets will run into 1966. If this is the case, what plans are in the offing to ensure that a similar situation does not develop in 1966?

Mr. Gordon: In some other countries, in the United States for instance, they skip one year and do not issue a new set at all in that year. We might do the same if it were felt to be desirable, but it would be premature for me to make a statement at this time.

HOUSE OF COMMONS

REPORTED STATEMENT BY SASKATCHEWAN PREMIER RESPECTING ELECTION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, recognizing, of course, the close type of relationship which exists between the Government of Saskatchewan and the Government of Canada, I would ask the Prime Minister whether he has any comment on a categorical statement made by the Premier of Saskatchewan at a Liberal nominating convention in Saskatchewan, where he said in effect that a federal election will take place in July or October, certainly not later. I suspect that Parliament would be given this information before the Premier of Saskatchewan, although I do recognize that close relationship which has brought out so much division between them.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I do not think I need comment on this speculative observation. I receive advice on this subject from all quarters these days.

Mr. Diefenbaker: Mr. Speaker, that was not a speculative observation; that was a categorical statement made by one of the Prime Minister's chief lieutenants, and as such I should like to know its foundation.

Mr. Pearson: Mr. Speaker, it may have been categorical to him, but it was speculative as far as I am concerned. I should like to reassure my right hon. friend, and I do not think I need tell him this, that I naturally would not make a decision of that kind without consulting him.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Mr. Speaker, I must say that if the Government starts doing that, it is going to do a far better job than it has done heretofore.

PUBLICATIONS

INQUIRY AS TO VOTE ON BUDGET RESOLUTION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, in view of the budget resolution which, if passed, will neutralize *Reader's Digest* and *Time* magazine, I should like to ask the Prime Minister whether he plans to make arrangements for a so-called free vote on this issue for Government supporters.

Right Hon. L. B. Pearson (Prime Minister): The usual convention will be followed in this matter, Mr. Speaker.

EXTERNAL AFFAIRS

DOMINICAN REPUBLIC—STEPS TO ENSURE SAFETY OF CANADIANS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I should like to address a question to the Secretary of State for External Affairs. Can the Minister inform the house today as to what measures have been taken by the Government to ensure the safety of some 160 Canadians in the Dominican Republic, in view of the action taken today by the United States?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, this morning we were in telephone communication with officials of the Canadian Embassy in Santo Domingo. No casualties have been reported amongst the Canadian community there during the four days of civil disturbances, and all Canadians who wished to leave have done so through the evacuation facilities provided by the United States. If further evacuation should become necessary, any other Canadians desirous of leaving the Dominican Republic will be included. Meanwhile our Canadian Embassy officials are keeping in touch with the Canadian citizens who have voluntarily decided to stay.

We have likewise been in touch by telephone with the Falconbridge Nickel plant, about 40 miles from Santo Domingo, and we are told that all is well in that quarter. We have so advised the head office of that company.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a supplementary question. I should like to ask the Minister whether the evacuation of seven Canadians by United States marines was arranged by this Government, or done with the consent or knowledge of representatives of the Canadian Government.

Mr. Martin (Essex East): Last Monday when this situation became imminent we made arrangements with the Government of the United States to use the facilities that would be at its disposal to assist in the evacuation of Canadians. I believe the United States Government has likewise made arrangements with nationals of other countries or their Governments.

Mr. Thompson: I have a supplementary question, Mr. Speaker. Can the Minister inform us as to whether our own diplomatic personnel have been evacuated?

Mr. Martin (Essex East): No, Mr. Speaker.

• (2:50 p.m.)

ADMINISTRATION OF JUSTICE

QUEBEC—LEGALITY OF RAIN MAKING OPERATIONS

On the orders of the day:

[*Translation*]

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

Could he tell us, in answer to the question we put to him yesterday, whether his department intends to investigate the legality of the operations carried out by certain companies which use rain-making machines in the Abitibi and Lake St. John areas?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I will consider the question as notice because I am not familiar with the facts.

Mr. Grégoire: Mr. Speaker, I should like to ask a supplementary question.

Since this question was directed on several occasions to the Minister of Justice during the last few weeks, is it the intention of the minister to secure information in this regard, as the administration of justice comes under his department?

Mr. Favreau: Yes, Mr. Speaker.

[*Text*]

CONSIDERATION OF EARNED REMISSION WITH RESPECT TO PAROLE

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I should like to direct a question to the Minister of Justice. On April 12 in the Minister's absence I raised a question about earned remission under the old Penitentiary

Act and statutory remission under the Penitentiary Act as it exists now, and the apparent conflict between the two types of remission in the light of a particular court case. I sent the correspondence upon which I founded my question to the Parliamentary Secretary to the Minister of Justice, and was given the assurance that the matter would be looked into and an answer provided. Would the Minister mind reviewing this matter so he can tell us what is going to be done with regard to the problem?

Hon. Guy Favreau (Minister of Justice): It is being reviewed, Mr. Speaker.

CANADIAN CONFEDERATION

REPORTED SPEECH BY CANADIAN AMBASSADOR TO FRANCE

On the orders of the day:

[*Translation*]

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I would like to ask anew a question I have already asked of the Secretary of State for External Affairs.

Now that he has had 48 hours to study the question I asked him the other day, concerning the speech delivered by His Excellency the Canadian ambassador in Paris, is he in a position to give us a reply?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, I thank the hon. member for informing me that he intended to ask this question.

The words of our ambassador in Paris, as reported in the press, were taken out of context. If the hon. member will examine the whole paragraph concerned, a copy of which I have sent him, he will see that the interpretation given some words of our ambassador did not exactly reflect his thoughts.

Mr. Lambert: A supplementary question, Mr. Speaker. It is not quite relating to the question I asked day before yesterday. I want to know what His Excellency meant when he said:

> Canada's future is taking shape in an opposite direction, that is toward a federation becoming an increasingly loose federation in some areas.

Who decides that direction? What is that direction and what are those areas? Does the government approve such remarks?

Mr. Martin (Essex East): I have nothing to add, Mr. Speaker. In the context the replies to those questions are quite clear.

Mr. Lambert: Yes, as always.

[Mr. Howard.]

[*Text*]

AGRICULTURE

BUTTER—REPORTED REDUCTION IN SUPPORT PRICE

On the orders of the day:

[*Translation*]

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, I had a question for the Minister of Agriculture but, since he is absent, I should like to put it to the Minister of Forestry.

It relates to the press release issued today by the Department of Agriculture concerning a new policy on the price of butter effective the day after tomorrow. According to this release the agricultural stabilization board is announcing a reduction in the subsidy on the price of butter at the consumers' level. From 11 cents last year, it will be reduced to 9 cents a pound. This 2 cent decrease means that the subsidy has been reduced by 3 cents in the past two years or by nearly $11 million in all.

In the opinion of the minister, is this how the federal government is helping the eastern dairy producer, when deficiency payments on butter fat are being reduced from 13.3 to 10.9 cents a pound, resulting in a 2 cent per pound price increase to the consumer which is equivalent to an indirect tax representing $11 million?

Hon. Maurice Sauvé (Minister of Forestry): Of course not. Last year consumption exceeded production by at least five million pounds. Therefore, the policy of the government was not detrimental to the farmer, since consumption increased.

This year according to calculations the income of manufactured milk producers will increase substantially since the average price to producers of 100,000 pounds or less will be about $3.50 per 100 pounds.

All those who have examined this policy have, up to now, been satisfied with the overall measures taken in this respect. I am sure the government would consider amending its policy, should the situation warrant it.

Mr. Vincent: Mr. Speaker, I should like to ask a supplementary question.

Is the minister ready to guarantee today on behalf of the government, that the milk producer will get $3.50 per hundredweight for his manufactured milk?

Mr. Sauvé: I think that I made the necessary distinction. Generally, producers of 100,000 pounds or less will get $3.50 per hundredweight, less payments for export.

[*Text*]

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I have a supplementary question for the Parliamentary Secretary to the Minister of Agriculture which he may take as notice if he chooses. Will the Parliamentary Secretary say whether he knows of any policy announcements to be made in regard to eastern agriculture, to relieve the disastrous income position in which farmers find themselves?

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I believe that measures for improving the policies are under consideration and will be announced by the Minister.

Mr. H. A. Moore (Wetaskiwin): I should like to ask the Parliamentary Secretary to the Minister of Agriculture whether this 2 cent rise in the price of butter to the housewife will be transferred to the price of cream or directly to the producer of butterfat.

Mr. Beer: I think I should bring this question to the attention of the Minister.

[*Translation*]

Mr. Jean-Paul Matte (Champlain): Mr. Speaker, I had a question for the Minister of Agriculture but, in his absence, I shall put it to the Minister of Forestry.

Does the minister intend to include in his new dairy policy the subsidies paid by the province of Quebec, the rebates allowed by co-operatives and companies, in working out the average national price for deficiency payments?

Mr. Sauvé: Mr. Speaker, the Minister of Agriculture has announced that the federal policy was designed to increase to $3.50 per hundredweight of milk for dairy farmers producing 100,000 lbs. of milk or less. It will be $3.50 more or less, according to the calculations to be made with regard to exports.

Mr. Vincent: Mr. Speaker, could the Minister tell us when the administrative details of this new policy will be announced?

Mr. Sauvé: Mr. Speaker, the hon. member for Nicolet-Yamaska mentioned a moment ago a press release of the agricultural stabilization board and I think that as a result of the announcement about butter and cheese, dealers and manufacturers will be in a position to draw the necessary conclusions concerning the payments for other milk products.

[*Later:*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to direct a supplementary question to the minister, because in my opinion, he has not quite answered the question put to him a while ago by the hon. member for Champlain.

Can the Minister tell us whether the $3.50 per hundredweight of milk represents only the federal share, leaving to the provincial authorities the provision of another subsidy, or if that represents, for the government, the final objective for this price of a hundredweight of milk?

Mr. Sauvé: Mr. Speaker, I think that the Minister of Agriculture has announced that this represents only the share of the federal government.

[*Later:*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to put a question to the parliamentary secretary to the Minister of Agriculture or to the Minister of Forestry if he is willing to answer.

Would he consider the advisability of appointing soon a French speaking assistant director to the dairy board since such a step is necessary and has often been requested by the Quebec dairy producers?

Mr. Sauvé: Mr. Speaker, this matter comes under the Minister of Agriculture and I shall bring the remarks of the hon. member for Lotbinière to his attention.

[*Text*]

[*Later:*]

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, in the absence of the Minister of Agriculture I should like to address a question to his Parliamentary Secretary. Is it true that many Ontario farmers, on receiving their March returns for milk shipped, received $2.38 per hundredweight and some less than that amount?

Mr. Beer: Mr. Speaker, I am unable to confirm the statement of the hon. Member.

Mr. Webb: A supplementary question, Mr. Speaker. Is the Parliamentary Secretary also aware that according to recently produced figures it is costing the farmer $2.34 per hundredweight to produce this milk?

REQUEST FOR RESUMPTION OF COLD STORAGE SUBSIDY

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I had a question for the Minister of Agriculture but, in his absence, I shall put it to the Minister of Finance.

Inquiries of the Ministry

Would the Minister of Finance inform the house whether he intends to put back in force soon the legislation respecting cold storage facilities which had been suspended by the previous government as a result of the austerity program?

[*Text*]

Hon. Walter L. Gordon (Minister of Finance): I will be glad to take this question as notice.

FISHERIES

NOVA SCOTIA—REQUEST FOR STATEMENT ON DAMAGE TO LOBSTER TRAPS

On the orders of the day:

Mr. J. E. Lloyd (Halifax): I have a question for the Minister of Fisheries. Last Monday the hon. Member for Queens-Lunenburg and I directed some questions to the Minister concerning alleged lobster trap losses on the eastern shore of Nova Scotia. On Wednesday, April 28, the Halifax *Herald* quotes a member of the Department of Fisheries as stating that these losses were grossly exaggerated. I wonder if the Minister has yet received a report directly, other than through the press, so he can inform the House as to the position?

Hon. H. J. Robichaud (Minister of Fisheries): Following the representations which were made to me on Monday I immediately requested information concerning losses due to ice movement around the eastern shore of Nova Scotia. Figures received this morning indicate the total loss of lobster traps in the Canso-'Quoddy area was 16,459 out of a total of 54,437 traps set, being about 30 per cent of the total. In one particular area, Ecum Secum to 'Quoddy, over 50 per cent of the traps set were lost or close to 6,000 out of a total of 10,000. Unfortunately we have been advised that only one fisherman amongst those who lost traps had taken out lobster trap insurance.

Mr. Lloyd: I wonder if the Minister would assure the House that this factual information will be conveyed promptly to the Provincial Government of Nova Scotia.

Mr. Robichaud: I am sure the Provincial Government of Nova Scotia is aware of the amount of the lobster trap loss; and if representations are made to the Government of that Province and the Government finds it is beyond the ability of the Province to assist, then it is up to the Provincial Government to make representations to the Federal Government.

Mr. Lloyd R. Crouse (Queens-Lunenburg): May I ask a further supplementary question. Will the Minister tell the House what disciplinary action he proposes to take toward the official who released information that the reports of the damage to lobster traps were grossly exaggerated?

Mr. Robichaud: I am not aware whether such a report was made. I have asked the officials of my department to investigate the report.

Mr. Gerald A. Regan (Halifax): In view of the charges by some fishermen who suffered loss that they received practically no notice from the ice patrol that the ice was moving in, will the Minister investigate the type of notice that was given to the fishermen of the fact that the ice was moving down along that shore?

Mr. Robichaud: This will be done.

Mr. Donald MacInnis (Cape Breton South): I have a supplementary question for the Minister of Fisheries. The Minister stated that he was not aware of any grossly exaggerated statement made by Department of Fisheries officials. Is he now denying the accurate statement made by his colleague from Halifax who has put the matter before him and which he, as Minister, must accept?

ESTABLISHMENT OF GEOGRAPHICAL CO-ORDINATES IN ATLANTIC REGION

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, I have a question to direct to the Government. I am not certain whether I should direct it to the Secretary of State or to the Minister of Fisheries, but since both are present I hope the responsible Minister will answer it.

Will the responsible Minister inform the House of the progress being made to establish geographical co-ordinates from the international boundary to Cape Fourchu, from Cape North to Channel Head, Newfoundland, and from Cape Bauld to the northeast point of Belle Isle to Cape Charles in Labrador, so that the Strait of Belle Isle, the Gulf of St. Lawrence and the Bay of Fundy may be declared and recognized as Canadian national waters in the same manner as Hudson Bay?

Mr. Speaker: This is a very important question, and perhaps the hon. Member will put it on the order paper.

Mr. Crouse: Mr. Speaker, with due deference to your ruling, almost one year has now passed since Bill S-17 was accepted and approved by this House, and in view of the necessity for drawing base lines to protect Canadian fisheries interests I do believe that some action should be taken and an announcement made soon by this Government.

EARTHQUAKES

BRITISH COLUMBIA—REQUEST FOR STATEMENT ON EFFECTS

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): I have a question for the Minister of Citizenship and Immigration as the Cabinet Minister from British Columbia. Has the Minister received any information on the effects of an earthquake which was reported by the C.B.C. radio news at noon to have struck the Victoria-Vancouver-Seattle area today?

• (3:00 p.m.)

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): As one might expect, Mr. Speaker, my office has been in touch with Vancouver. I am advised that a very serious tremor has been recorded, sufficiently serious to dislocate the recording needle of the seismograph, but I understand that there have been no injuries or deaths. However, I am awaiting a further report.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I rise to ask a rather unduly delayed supplementary question because of my deference to the hon. Member for Port Arthur. My question arises out of a question asked by the hon. Member for Victoria of the Minister of Citizenship and Immigration, because he is the Minister in the House at the present time from British Columbia, and reports of earthquake shocks and tremors in B.C. In view of the fact that Seattle is south of the site of the High Arrow dam, would the Minister also inquire whether these tremors were felt in the region of the proposed site of the High Arrow dam on the Columbia?

Mr. Nicholson: Mr. Speaker, my preliminary report, as I indicated, is not as complete as I would like, but my information is that the tremors were confined largely to the triangle formed by Seattle, Victoria and Vancouver, rather than in the interior of the Province.

THE CANADIAN ECONOMY

REQUEST FOR STATEMENT ON THREAT OF INFLATION

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): My question is directed to the Minister of Finance and is based on his most recent review of the Canadian economy. Does the hon. gentleman feel that inflation poses a threat to the Canadian economy?

Hon. Walter L. Gordon (Minister of Finance): I believe we are about to resume the debate on the budget, and I suggest that would be a better time or place to discuss a matter of such importance.

INDIAN AFFAIRS

SASKATCHEWAN—FEDERAL-PROVINCIAL ARRANGEMENT RESPECTING HOUSING

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I should like to direct a letter to the Prime Minister.

Some hon. Members: Oh, oh.

Mr. Woolliams: Well, it took me so long to get recognized, Mr. Speaker, I almost had to write a letter.

Some hon. Members: Oh, oh.

Mr. Woolliams: I understand from a news report brought to my attention that a deal has been made at a meeting between representatives of the Federal Government and of the Provincial Government of Saskatchewan held to discuss housing for Indians. I am wondering whether any deal is pending with regard to the same situation between the Federal Government and the Province of Alberta.

Right Hon. L. B. Pearson (Prime Minister): This particular arrangement is a new departure, and we shall be watching it carefully to see whether we can apply it to situations in other provinces.

Mr. Woolliams: Would the Prime Minister consider my suggestion that a royal commission be set up, in the light of the Government's proposed war on poverty, to examine conditions on the Indian reserves in Canada generally?

Mr. Pearson: I would hope this could be done without setting up a royal commission.

Mr. Woolliams: What plans are being made now by the Government to assist the Indians of this country if there is not to be a royal commission?

Mr. Pearson: If the hon. Member will write me a letter I will send him a long reply.

[*Later:*]

Mr. Robert Simpson (Churchill): Mr. Speaker, I should like to direct a supplementary question to the Prime Minister which relates to the questions posed by the hon. Member for Bow River concerning the new policy of housing assistance on Indian reservations in Saskatchewan. Can the Prime Minister say whether this program is now available to any province following the request of that province, or is it merely on a trial basis?

Mr. Pearson: The program is on a trial basis, Mr. Speaker, and we hope the trial will be successful because it could be applied to other similar situations in other parts.

Mr. Simpson: A further supplementary question. Can the Prime Minister say why the decision was made to try this out in Saskatchewan? Was it initiated by the Province or was it initiated by the Indian Affairs branch?

Mr. Pearson: Well, Mr. Speaker, I cannot answer that question, but I will talk to the Minister about it and perhaps he can answer tomorrow.

Mr. R. R. Southam (Moose Mountain): A supplementary question. Could the Prime Minister say, on the basis of this trial housing program in Saskatchewan, how many houses it is proposed to develop in the first year trial period?

Mr. Pearson: I think, though I speak subject to correction, that it will cover about 40, but I should like to check that.

ASSISTANCE TO TEACHERS DISPLACED THROUGH SCHOOL INTEGRATION

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I wish to direct a question to the Minister of Citizenship and Immigration. Can the Minister advise the House what plans his Department has in mind for placement of teachers presently employed by the Indian Affairs branch but who will be affected by the policy of integrating Indian children into the public school system and who have been advised their services will be terminated?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, I will take this question as notice.

EXPO '67

REPORTED CALLING OF TENDERS FOR C.B.C. BUILDING

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): My question is addressed to the Secretary of State. On April 9 the Leader of the Opposition, the hon. Member for Red Deer and I questioned the Secretary of State about the awarding of a contract by the Canadian Broadcasting Corporation for the construction of its Expo '67 building. At that time the Minister indicated he had no knowledge of the matter and said he would seek the required information.

That was on April 9. Yesterday, in reply to a written question I had put on the order paper on that date, I was informed by the C.B.C. through the Secretary of State that such a contract had been awarded and signed on April 1.

In view of the fact that this contract is reported to be worth some $4 million I am wondering in what circumstances the Minister was able to say on April 9 that he knew nothing about an important contract which had been signed on April 1. Will he tell us now whether he actually knew on April 9 that such a contract had been signed after negotiation with one firm, and one firm only?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I did not know.

Mr. Lambert: Would the Minister tell us this. Since when has the practice been abandoned of ministers responsible for the C.B.C. appearing before Treasury Board to get approval of such expenditures, particularly in view of the fact that supplementary interim supply had been granted for the period only just prior to April 1?

Mr. Lamontagne: I understand that this matter was dealt with by Treasury Board but I was not present at that meeting.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): In that connection I should like to ask the Minister this. As funds for this project have not been approved by Parliament, what is the intention of the Government in this connection? This is an extraordinary position of affairs and one which

cannot be justified. I ask the Minister also whether this building, this pavilion, constitutes, in part, C.B.C.'s capital program or whether it is an addition to the program. Have we arrived at a period in Canada when the C.B.C. is supreme over Parliament?

Mr. Lamontagne: It is in addition to the normal capital requirement of the C.B.C. but it is included in the main estimates as part of the total capital of the Corporation.

Mr. Diefenbaker: When will approval be given to this, or asked for; and why should a contract be let when there has been no approval for the expenditure? This is high-handed action which cannot be justified.

Mr. Lamontagne: I understand that the C.B.C. has proceeded on this occasion in the same manner as in many other cases involving other departments.

Mr. Diefenbaker: That is not true.

Mr. Woolliams: What are those cases?

• (3:10 p.m.)

BROADCASTING

TORONTO—TRANSFER OF OWNERSHIP OF RADIO STATION

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I would like to ask the same Minister a question with relation to the transfer of the radio station that broadcasts at 1540 in Toronto into the hands of Mr. Lombardi and Mr. Service. Since all Members have received representations from ethnic groups which are objecting to this transfer, I wonder whether he could get a clear statement from the Board of Broadcast Governors with regard to this particular representation, so that all of us would have something with which to reply to these people and would also see whether there is any substance in their arguments against this particular transfer.

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I will be very happy to do so.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, may I ask a supplementary question?

Does the minister agree with the C.B.C. that a French radio station in Toronto was as needed as three or four English radio stations in Montreal and one or two in Quebec City or elsewhere in the province of Quebec?

Mr. Lamontagne: Mr. Speaker, I think that matter was settled a few months ago.

[*Text*]

RECOMMENDATION RESPECTING RADIO STATION CJOR, VANCOUVER

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I should like to ask the Minister of Transport whether he has received a recommendation from the Board of Broadcast Governors concerning Radio Station CJOR, Vancouver, and, if so, what is he doing about it?

Hon. J. W. Pickersgill (Minister of Transport): I have received such a recommendation, Mr. Speaker, and I am considering it.

INDUSTRY

TRANSFER TO DETROIT OF FORD COMPANY EMPLOYEES

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address my question to the right hon. Prime Minister. In view of the fact that, effective immediately, some 250 people in Oakville, Ontario are being affected by the transfer of the Purchasing Department of Ford of Canada to Detroit, would the Prime Minister take immediate steps and talk with Mr. Scott, President of Ford, to see whether these people could not be allowed to remain in Canada?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I will be very glad to look into this matter at once. As a matter of fact the Minister of Labour is discussing this and other related matters this afternoon.

Mr. Hales: A supplementary question, Mr. Speaker. In view of the fact that the Minister of Industry is not here, maybe the Prime Minister would care to answer this question. Does the Prime Minister agree with senior officials of Ford and Chrysler, who agreed with U.S. Government officials in their ways and means committee meeting this week that the Canada-U.S. auto treaty will not cut Canada's auto trade deficit with the United States?

Mr. Pearson: Mr. Speaker, I am certainly in no position, nor would it be appropriate for me to do so, to comment on hearings before a Congressional Committee in Washington on this matter.

[*Later:*]

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I should like to ask the Minister of Labour a question. Can the Minister tell the House whether he was able to give to the delegation from the United Automobile Workers in Windsor any assurances with regard to assistance for employees who will be laid off by the Ford Motor Company of Canada as a result of the Canada-United States automobile agreement? I believe they saw him today, and I was wondering whether he was able to reassure them in this regard.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I interrupted my meeting with the United Automobile Workers to come into the House, and I expect to go back to complete the meeting just as soon as the question period is over. At the stage we had reached it was not possible to reach any conclusion along the lines suggested.

CANADIAN BROADCASTING CORPORATION

LACK OF PROMOTIONAL OPPORTUNITIES FOR FRENCH CANADIANS

On the orders of the day:

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, may I direct a question to the Secretary of State?

Can the minister tell us why out of nine appointments made within the C.B.C. recently not a single French Canadian got a promotion?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I wish the hon. member would give me more details.

[*Text*]

DOMINION-PROVINCIAL RELATIONS

TERMS OF REFERENCE RESPECTING OFFSHORE MINERAL RIGHTS

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, I wonder whether the Prime Minister is in a position to answer the question I asked him regarding the reference to the Supreme Court of Canada on offshore mineral rights.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I apologize to the hon. Member; I should have answered this question yesterday. I tabled this morning the Order in Council dealing with the matter of the reference to the Supreme Court covering the Pacific coast, and I sent a copy to my right hon. friend and I think to certain other Members. This particular reference was forwarded to the Government of British Columbia for any comment they might wish to make. There is an examination into the question of references covering other coasts in other Provinces, but they will not be made for the time being; there is a good deal of work to be done. In any event, it will be well to find out what the decision may be in respect of the Pacific coast question.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I have a supplementary question in connection with that matter. The Prime Minister was kind enough to forward to me a copy of the Order in Council, and I was impressed by the fact that, as he said a moment ago, it was restricted to British Columbia. Does this mean that in so far as Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland are concerned the question of offshore mineral rights is going to be negotiated? If not, does not the Prime Minister think that restricting this Order in Council to British Columbia should not deny representation to these other Provinces, which will be directly affected by any recommendation or interpretation given by the Supreme Court of Canada, and that they ought to be permitted to have legal representation when the argument takes place in connection with the British Columbia situation?

Mr. Pearson: Mr. Speaker, it may be necessary to make other references covering other coasts and concerning other Provinces, but the legal considerations in respect of the Provinces differ and the references may have to differ also to cover the different legal and indeed in some case historical considerations, as my right hon. friend knows. But consideration is now being given to the kind of reference that should be submitted covering these other situations.

Mr. Diefenbaker: Will consideration be given, in any event, on the basis of the general principle established by this reference, to the various Provinces being permitted to have legal representation and to make arguments on the occasion of the presentation of the reference in respect of British Columbia?

Mr. Pearson: There is a general principle that will cover the whole situation. The general principle may be common, but there are differences in the legal position in regard to

the different Provinces because of the different conditions under which some of the Provinces came into Confederation and the circumstances at that time covered, for instance control of property rights. But I can assure my right hon. friend that this whole question is under consideration, and nothing that is done with regard to this reference will prejudice the position of the other Provinces.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, a supplementary question to the Minister of Justice. Perhaps he could clear this up. Doesn't he think the Supreme Court of Canada will ask all Provinces to intervene in this reference? It has nothing to do with what the Government does; it is what the Court asks.

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I cannot say what the Supreme Court will do, but it is a plausible possibility.

Mr. MacEwan: Mr. Speaker, I wonder whether the Prime Minister is aware that a short time ago the Government of Newfoundland gave a licence for 30 million acres to be explored for offshore minerals in an area where two licences were issued by the Federal Government?

Mr. Pearson: I am aware of that matter, Mr. Speaker, and that is another illustration of the importance of getting this question cleared up as quickly as possible.

CANADIAN PACIFIC RAILWAY

USE OF LOCAL OR STANDARD TIME

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Minister of Transport.

A few years ago I asked why the railways in Canada did not use local time and I received the answer that according to the railways association the problem was too complicated. If you take a look at the C.N.R. time table, you see that they now use local time. Could the minister find out why the C.P.R. did not see fit to follow that example, since eastern standard time is still being used?

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I have not done any research into this question, but I will look into it and try to give an answer.

• (3:20 p.m.)

AIR TRANSPORT

SOUTHERN ALBERTA—INQUIRY AS TO EXPANSION OF SERVICE

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to direct a question to the Minister of Transport, a question I have not asked him for over a month, although one month ago he assured me that he would reply very soon. My question is: Has any conclusion been reached in the negotiations between the air line companies—I think he said—to expand the air line services in southern Alberta so as to take care of all those cities which require such service?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I very much regret to say that there has not yet been a conclusion to these discussions.

RENEGOTIATION OF BILATERAL AGREEMENTS WITH U.S.

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I have a supplementary question in the same area. I should like to ask the Minister when he will have some information about the new arrangements with the United States regarding air carriers and the various factors involved. Can he give us any date as to that?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, we are carrying on negotiations with the United States, and it would be rather difficult to announce the results of the negotiations until they are concluded. However, I can assure the hon. Member that as soon as they are concluded they will be announced promptly.

REDISTRIBUTION

INQUIRY AS TO REPORTS OF PROVINCIAL COMMISSIONS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to address a question to the Secretary of State, and it is the same question that I addressed to the Acting Secretary of State yesterday. Can he inform the House when the redistribution commissions for the nine provinces which have not yet reported will report, and especially can he say whether the rumour that some of them are going to report on Saturday next is correct?

Inquiries of the Ministry

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I will take this question as notice.

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker, I have a supplementary question. Would the Minister take a particular look at the situation in Ontario also and report to the House at the same time?

Mr. Lamontagne: I will, Mr. Speaker.

WATER RESOURCES

SUGGESTED SETTING UP OF NATIONAL BOARD

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I should like to ask the Minister of Northern Affairs a question, but in his absence I will direct it to his Parliamentary Secretary. My question is based on the rapidly increasing water problem owing to low water levels, particularly in the Great Lakes, water pollution and related problems. Would the Minister consider setting up a national Water Resources Board to deal with these problems on a national scale?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, I want to thank the hon. Member for having had the courtesy to tell me about his question this morning. The Minister's views on a national water policy were clearly set out in a recent speech which he made in Portland, Oregon, on April 12 before the Pacific Northwest Trade Association, when he talked about the necessity for a Canadian national water policy as opposed to a continental water policy. He spoke in terms of the development of such a water policy in coordination and in co-operation with the provincial authorities. Within these terms of reference the Minister would be extremely interested in the suggestion of the hon. Member, and I will bring it to his attention.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a supplementary question to the parliamentary secretary to the Minister of Northern Affairs and National Resources.

If the departmental officials complain about the low water level in the great lakes, could the parliamentary secretary not buy from the Quebec department of natural resources, headed by Mr. René Lévesque, the rain making machinery now in use in Abitibi and in the Saguenay-Lake St. John area, in order to rid us of it, because it is not needed?

[*Text*]

FINANCE

FEDERAL INVOLVEMENT IN BANKRUPTCY OF ADVERTISING COMPANY

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, I wish to direct a question to the Prime Minister. On Tuesday I asked him a question concerning the bankruptcy of Walsh Advertising Company. Is there any preliminary report as to the involvement of the Federal Government in this bankruptcy?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am getting the information on that matter and I hope to have it in time to give it to the House tomorrow.

BRITISH COLUMBIA—LACK OF FUNDS UNDER MUNICIPAL LOAN ACT

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I have a question for the Minister of Finance. Has a communication been received from the Government of British Columbia or the Premier of that Province pointing out that they have run out of allocated funds under the Municipal Development and Loan Act and that they have many applications from municipalities which they cannot fill?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I will be glad to see whether that communication has been received. However, I would presume that the allocations have been used up in some provinces, or are approaching that point, which after all was the object of the exercise.

Mr. Chatterton: A supplementary question. Some three weeks ago, when I pointed out to the Minister that the Minister of Trade and Commerce had made a statement in the House in which he said that if any province ran out of its allocated funds they could come back to Parliament for more money, the Minister said he would look into this matter. Has the Minister looked into it and found whether that commitment has been made?

Mr. Gordon: I have looked into it.

Mr. Chatterton: A further supplementary. Can the Minister say whether that commitment is going to be lived up to?

Mr. Gordon: Mr. Speaker, perhaps I had better reply to this question tomorrow. I did

look into the matter. I noted the reference to which my hon. friend refers, and it is not nearly as complete, specific or definite as one might have thought from his original question. I think I will refer to it again and reply tomorrow.

• (3:30 p.m.)

VETERANS AFFAIRS

INCREASE IN MAXIMUM LOANS UNDER LAND ACT

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): Mr. Speaker, I have a question for the Minister of Veterans Affairs. Inasmuch as the Throne Speech debate indicated that the Government intend to introduce amendments to the Veterans Land Act, and inasmuch as veterans are anxious to complete their plans for the summer, can the Minister tell the House whether the maximum loans under part III of the Act are to be increased and, if so, can he tell us what the increase will be?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I think I should wait until I have made a check of this situation before replying to that question. As soon as I am in a position to do so I will make a statement.

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question. Many veterans are holding off application for loans in view of the reference in the Throne Speech to amendments to the Veterans Land Act. Would the Minister advise those veterans to hold off applications for such loans?

Mr. Teillet: Mr. Speaker, I am satisfied that generally speaking the officials working under the Director are well aware of the prospects and will act in keeping with developments.

Mr. Chatterton: I have a further supplementary question. Can the Minister give us his assurance that any veteran who applies for a loan at this time will receive the benefits of any change which might be made to the legislation?

Mr. Teillet: Mr. Speaker, there certainly will be no difficulty in the way of veterans taking advantage of any increases which may be granted by Parliament.

INCOME TAX

COMPARISON BETWEEN RATES IN CANADA AND U.S.

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I should like to direct a question to the Minister of Finance, Mr. Speaker, which relates to a table he filed and which appears at page 444 of *Hansard*. This table purports to be a comparison between taxes paid by Canadian taxpayers and taxes paid by United States taxpayers. I assume the comparison refers to taxable incomes, and in view of the fact that United States exemptions are higher, is it correct to say that the table is somewhat deceptive?

Hon. Walter L. Gordon (Minister of Finance): No, Mr. Speaker.

EXTERNAL AFFAIRS

PROPOSED EUROPEAN TOUR BY CANADIAN HOCKEY PLAYERS

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I should like to direct a question to the Prime Minister. Some time ago he replied, in what I took to be a serious vein, to a question asked by one of his own supporters, that he would use his efforts to assist Mr. Reagan in conducting a hockey school in Europe. Can the Prime Minister inform this House how these efforts made in this first diplomatic excursion into the field of international hockey with Mr. Bunny Ahearne have turned out?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I regret to say that my intervention was not very successful this year, although the gentleman in question hopes to be able to conduct his school next year. If he is successful, perhaps the intervention we made with the authorities will have been of some help.

BRIDGES

JACQUES CARTIER BRIDGE—MAINTENANCE AND REPAIR

On the orders of the day:

[*Translation*]

Mr. Georges Valade (St. Mary): Mr. Speaker, I would like to ask the Minister of Transport a question. It has to do with a decision which was reached in 1962 by the former government, respecting the sale of the Jacques Cartier bridge to the government of the province of Quebec.

Can the minister tell us if the agreement which had then been reached will soon be ratified so repairs can be made to this bridge which at present is in a deplorable condition?

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, apparently the hon. gentle-

man did not hear the answer I gave yesterday to the hon. Member for Longueuil, to the effect that the bridge is still under the care and custody of the Federal Government, specifically under the care of the National Harbours Board, and any repairs that might be required, so long as that situation exists, will be made by the Federal Government through that Board. Whether it will be possible to carry to a successful conclusion the negotiations with the Provincial Government, I cannot say at this time.

[*Translation*]

Mr. Valade: Mr. Speaker, I wish to ask a supplementary question. Is the Minister of Transport not aware that this situation greatly hampers communications and can endanger the success of the 1967 world fair?

[*Text*]

Mr. Pickersgill: Mr. Speaker, I have every reason to believe that all the necessary action will be taken to make sure that the bridge will serve the exposition in the way we all hope it will.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): A supplementary question, Mr. Speaker.

The Minister of Transport stated that the national harbours board will undertake to make repairs to the Jacques Cartier bridge when they are needed. Is the Minister of Transport not aware that those repairs are absolutely required and that neither the Department of Transport nor the national harbours board is carrying them out.

[*Text*]

Mr. Pickersgill: Mr. Speaker, the hon. gentleman has made a statement somewhat similar to the one he made yesterday. I have not personally been over the bridge recently, but rather than attempt to do so myself I think I shall leave it to the experts of the National Harbours Board to decide what repairs will be required.

[*Translation*]

Mr. Grégoire: Would the Minister of Transport be ready to cross Jacques Cartier bridge by automobile to find out for himself that those repairs are needed?

[*Text*]

Mr. Valade: Mr. Speaker, I have a further supplementary question.

[*Translation*]

Would the Minister of Transport tell us if he will get in touch with his Quebec counterparts so as to be in a position to assure the house within the next few days whether this matter will be settled or not, so that we may have an answer in the near future?

[*Text*]

Mr. Pickersgill: Mr. Speaker, I think what is important is to get on with the repairs. The negotiations can be carried on in the ordinary way.

HEALTH AND WELFARE

IMPLEMENTATION OF RECOMMENDATIONS OF ROYAL COMMISSION

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I should like to address a question to the Prime Minister. In view of the statement made in his budget speech by the Minister of Finance that the Government will act on the report of the Royal Commission on Taxation after it has received it and that it will amend the income tax structure by 1967, will the Government treat a report which it already has received in the same way? In other words, can we expect action to be taken at least by 1967 on the report of the Royal Commission on Health Services?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as far as the latter part of the question is concerned, that report has already been considered and, as my hon. friend knows, part of that consideration has led to the calling of a federal-provincial conference to be held later in May. So far as the first Commission report is concerned, my hon. friend said the Minister of Finance stated that we would act on that report when it was received. With all respect I do not think that is what the Minister stated. We will give consideration to the report, and it would obviously be unwise to make tax structure changes pending the receipt and consideration of such a report.

Mr. Knowles: Mr. Speaker, my supplementary question relates to the health services commission report. Can I take it from what the Prime Minister has said that if this Parliament runs a normal course the Government will bring forward legislation in the health field during the lifetime of this Parliament?

Mr. Pearson: We are committed to this proposition, Mr. Speaker, and we hope to do this during the lifetime of this Parliament.

CANADIAN CONSTITUTION

PROPOSALS BY OPPOSITION LEADER RESPECTING AMENDMENT METHOD

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to ask for your indulgence regarding what you will probably find a rather long introduction to my question, which I would like to put to the right hon. Prime Minister of Canada and also to the Minister of Justice, should the matter concern him.

Like most middle aged Canadians, I am personally interested in this most important matter of amending our constitution.

My question has to do with the press conference given yesterday by the right hon. Leader of the Opposition, for whose qualities I have great respect. As I cannot deal directly with the right hon. member for Prince Albert, I should like to ask the right hon. Prime Minister if he could find out from the hon. gentleman what course of action he would recommend to amend the Canadian constitution so that it may really be Canadian.

I think that all Canadians, and Quebeckers in particular, would be most interested in what the right hon. Leader of the Opposition would suggest in this regard.

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it would, of course, be quite improper for me to direct a question of this kind to the Leader of the Opposition on orders of the day. That might remind me of the days of 1957 and 1963.

• (3:40 p.m.)

CRIMINAL CODE

SUGGESTED AMENDMENT RESPECTING CRUELTY TO ANIMALS

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I should like to pose a question to the Minister of Justice which is based on a number of representations I have received in recent days. Some time ago the Ontario Humane Society submitted a brief to the Minister of Justice asking that the Criminal Code be amended to permit magistrates to make an order prohibiting a person convicted of cruelty to animals from possessing animals for a stated period of time. I wonder whether the minister has any intention of acting on this request and bringing forward such an amendment to the Criminal Code.

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, all representations received in relation to the Criminal Code are being referred to the officers who are looking after the permanent review of the Code, and the hon. Member may be assured that any representations which in any way merit implementation by being translated into amendments to the Code will be given great consideration. However, for the moment I am not in a position to state what the outcome of these representations will be because that would involve stating government policy, which will be announced in due course.

Mr. Starr: A supplementary question, Mr. Speaker. Has the minister set any specific date up to which time representations can be made, and following which time action will be taken to introduce amendments as the result of such representations?

Mr. Favreau: No specific date has been set, Mr. Speaker.

INQUIRY OF THE MINISTRY

On the orders of the day:

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have a last question for the Prime Minister.

As a sport fan, after having seen the hockey game Tuesday evening, could the Prime Minister predict whether the Stanley Cup games will end this evening in Chicago?

[*Text*]

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Wednesday, April 28, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the amendment of Mr. Nowlan, and the amendment to the amendment of Mr. Cameron (Nanaimo-Cowichan-The Islands).

Mr. Bert Leboe (Cariboo): Mr. Speaker, the House will recall that yesterday at 17.00 hours I was referring to the role of the provinces in relation to Canadian economic conditions. I had pointed out that natural resources are controlled by the provinces and therefore Federal policies perhaps had very little effect on economic growth. I had also mentioned that the amount of goods which Canadians returning from visiting other countries are allowed to bring back to Canada had, accord-

ing to the Minister's statement, no effect on the balance of payments, and therefore I was disappointed that in the budget no relief had been given to people who travel abroad and like to bring back goods and souvenirs when they return to Canada. In other words the quota should be raised to the level in effect some time ago. I also referred to monetary policy, for which the Government of Canada is responsible.

In that connection, Mr. Speaker, I should like to quote very briefly from a book entitled "Economic Tribulation" by Vincent Cartwright Vickers. First of all, however, I should like to give hon. Members some idea of who Mr. Vickers was by reading from this note in the book:

> Vincent Cartwright Vickers was born on January 16th, 1879, and educated at Eton and Magdalen College, Oxford. He was a Deputy Lieutenant of the City of London, a director of Vickers, Limited, for 22 years, and a director of the London Assurance from which he resigned in January, 1939. In 1910 he was made a governor of the Bank of England, and resigned this appointment in 1919. Later he became President of the Economic Reform Club and Institute.

On page 55 of the book he makes a number of recommendations or suggestions concerning future policy in the monetary field, from which I quote the following:

> Any additional supply of money should be issued as a clear asset to the State; so that money will be spent into existence, and not lent into existence.
>
> The fluctuating quantity of gold lying in the vaults of the banking system should never be permitted to govern the volume of credit and currency needed by the country.
>
> The elimination of slumps and booms; and more direct procedure for eliminating unnecessary poverty.

Here is the point I wish to emphasize:

> The abolition of the debt system where all credit is created by the banks and hired out at interest to the country.

A few years ago in the small country of New Zealand, the Minister of Finance of that country created £50 million of debt free, interest free money through the national bank for the use of the government of New Zealand. As Minister of Finance he was able to make loans to farmers throughout New Zealand at an interest rate of 1 per cent per annum.

The same thing could be done in Canada. In Canada today we could assist our farmers by providing them with credit at a very low rate of interest. One of the most adverse circumstances that a farmer is faced with today arises when he has to buy a great deal of farm equipment on time and pay exorbitant interest rates. If we seriously want to help our farmers I think this is one place where we could really do a good job.

[Mr. Leboe.]

• (3:50 p.m.)

I should like to suggest also that this could be true in the field of housing. In my view there is no reason whatever why we should be penalized with heavy interest rates on loans obtained for housing from Central Mortgage and Housing Corporation. I bring to the attention of the House the fact that one quarter of 1 per cent interest on a mortgage of $16,000 amounts to $750 on the price of a home. This is much more important, in my view, than the 11 per cent tax on the construction material that goes into a home. If this mortgage interest rate were reduced to 1 per cent or 2 per cent it would amount to thousands of dollars on the price of a home instead of the mere $500 which has been suggested as compensation under the winter works program.

I should like to turn, Mr. Speaker, to some of the paradoxes in the situation in which we find ourselves. In the limited time at my disposal I should like to deal first with the situation relating to our banks. First of all, we find Parliament has given the banking system of this country, the private banks, the right to create credit, in other words the right to create money. Then the same Government which is working for the people of Canada turns around and borrows this money created by the banking system and pays interest on it. One of the things that Parliament surely should control is the credit of the country.

One of the best documents on money I have seen recently is the 169 questions and answers that resulted from a committee set up in the United States, the report of which was to be used by the Committee on Banking and Finance of the House of Representatives. This document clearly indicated the problem that exists when we have an independent financial system, that is independent from the Government. The Government of Canada may be going in one direction in its policies for the public good, but the financial system of the country may be going in another direction because of its own personal and private interests. This was pointed out in connection with the Federal reserve system.

In effect we have the same situation in Canada with a national bank. Some people may say, well, this Government owns the bank. I want to say that when the policies of the Government-owned bank are set by those people who are in charge of private institutions, we are not going to get any real help from that direction.

I was encouraged a bit by an expression used by the Minister of Finance on television the other evening when he was being interviewed by Michael Barkway, Scott Gordon and Norman DePoe of the C.B.C. I thought I sensed, during this interview, that perhaps the Minister was toying in the back of his mind with the idea of making the Bank of Canada a much more effective institution for the public good. I sincerely hope he will take this to heart and do something about it. This is the greatest opportunity for the Government to move in this direction. In British Columbia, as in the Province of Alberta we have followed the simple concept that salaries and wages paid out for the production of goods are not enough to buy back the goods so produced, and therefore we have to have what we call an industrial climate or financial vacuum to attract outside capital into the Province so the total purchasing power of the people of British Columbia can buy back the total production of that Province.

In this connection I might say it is predicted that in Prince George, which is my home town, in the next two years no less than $400 million will be spent in capital expansion. Actually it is a city of about 25,000 or 30,000 today. I can recall, not too long ago, when there were only a few thousand people there. This $400 million, Mr. Speaker, is a lot of capital expansion. It is based on the concept that you must have an industrial climate or financial vacuum to attract capital. We used the Pacific Great Eastern Railway, the Toll Authority and the Hydro Authority to bring about this financial vacuum.

Just briefly, Mr. Speaker, I should like to refer to a couple of other strange things which I feel are happening in the country. First of all I should like to mention that many times we are asked to donate to a cancer fund. We are asked to give and give for research into cancer. At the same time we find ourselves paying out money to advertise the very thing we have found is contributing to cancer, that is cigarettes. It does seem to me we are like the individual who has a leaky boat, and while he is floating on the lake he decides he is going to fix it so he bores a hole in the bottom of the boat to let the water out. I do not see how we can expect to get people seriously interested in the cancer proposition if we are going to allow the advertising which tobacco companies are conducting to continue to get our young people into the habit of smoking cigarettes, which we know contribute not only to lung cancer but to other disabilities of the individual.

Now, we hear many tear-jerking stories about people who suffer from poverty in other countries. What do we do? We make grandiose speeches about what we should be doing to help these people. Every day I go by a brewery in this city. I know I am going by it because I can smell it. It smells just like a pig sty with all those rotting husks of grain. We are turning hundreds of thousands of tons of grain into alcohol so it may be consumed, and we are advertising this so that it may be consumed, thus making our No. 1 killer an even greater killer on the highways of our country.

I do not know why we do not settle down and give some thought to where we are going. We talk about speed artists. I want to tell you that statistics show that a man who has had two drinks is a potentially greater killer than a man who is completely drunk. If we are going to spend our time raising grain to make liquor to kill people on the highways, then I think we ought to give some consideration to what Mr. Gaglardi has said on a number of occasions at the safety council meetings in this country.

• (4:00 p.m.)

I see my time has about expired, Mr. Speaker, so I should like to put our position very clearly on the amendment that is before us. Referring to the amendment proposed by the hon. Member for Nanaimo-Cowichan-The Islands, I should like to put forth the position of the Social Credit Party very clearly. We are in complete agreement with the proposals in the subamendment. But what is the situation? In the first place, supporting this amendment would be negative. Any action resulting from the amendment being carried would, in fact, defeat that which is acceptable in the budget. It is perfectly clear to all Members in the House that the amendment if carried would not make effective the proposals contained therein. In the second place we have already this session had two votes of non-confidence very recently, motions on which the combined opposition failed to carry the vote, the Government being sustained by the majority in the House although more than 20 of its supporters were absent. I say, let us not make a farce out of Parliament but rather let us settle down and do the country's business—we hope, with dispatch.

In the past many press reports have not made it clear to the reading and viewing public that these votes are strictly expressions of non-confidence in the Government and that the wording of the amendments really

amounts to nothing, since acceptance by the House would only mean the dissolution of Parliament.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I have listened very carefully to the budget speech of the Minister of Finance (Mr. Gordon) three days ago. The first impression of the ordinary listener in the galleries was that everything is fine in Canada, that there is nothing wrong.

An hon. Member: Hear, hear.

Mr. Grégoire: Mr. Speaker, I hear someone saying "hear, hear" and applauding. Let him go and applaud such a statement in his own riding; I am afraid he will come back faster than he went, because the unemployed, the farmers and even his own electors are not convinced that everything is fine.

My first reaction was one of bewilderment in the face of such a piece of bluff. They bragged that they had done everything. The government took credit for getting the country out of the doldrums and taking it to the zenith of economic development.

The first reaction in the face of such bragging is bewilderment. But after reflection and checking, the budget speech can be described as a great hoax through biased statistics and garbled figures.

Mr. Speaker, I will refer to the figures supplied by the Minister of Finance as well as to the D.B.S. statistics, and we will be able to see whether the Minister of Finance was right in claiming that everything is fine in Canada.

Mr. Speaker, here is what can be read on page 2 of the French version of the release issued by the Minister of Finance concerning his budget speech:

> When this government first came into office, we stated a number of economic objectives. Our first goal was a high level of employment for Canadians and the reduction of unemployment. The second was a high and sustainable level of economic growth. Thirdly, we wanted a better regional balance in both employment and growth.

So, the first objective that the government stated when it came into office was a high level of employment and a reduction of unemployment.

Now, Mr. Speaker, let us take a look at things according to statistics. I have here a copy of the *Statistical Review of Canada,* catalogue No. 11-003F, for the month of April 1965. The minister quoted certain figures on unemployment, but his figures do not tally with the actual figures. In fact, the *Statistical Review of Canada* publishes completely different figures, and there is even confusion or contradiction in the statistics published in the *Statistical Review of Canada.*

For instance, we note that in order to explain a decrease of unemployment, the *Statistical Review of Canada* must bring out a decrease in the civilian labour force in Canada, which is completely contrary to facts, because the Canadian population has increased in every age group. Ten months ago, we were told that the gainfully employed population in Canada numbered 6,901,000, although it was only 6,844,000 in February 1965.

In July 1964, it was said to be 7,232,000 although it was only 6,844,000 in January 1965, which means that the *Statistical Review of Canada* even cuts down on the Canadian civil labour force and this, of course, is impossible. As a matter of fact, it even reduces the number of people employed in Canada. While there were 6,608,000 employed persons in May 1964, their number was said to be 6,446,000, a drop of 150,000, in February 1965.

Even the number of unemployed is being reduced, which would mean, according to the figures quoted by the minister, that everything is going down in Canada: the population, the number of workers and the number of unemployed persons.

According to the *Statistical Review of Canada,* there were 408,000 unemployed in the country. Those are official figures. On the other hand, according to the unemployment insurance commission, 547,800 persons were receiving unemployment insurance benefits, or 140,000 more than the number of unemployed quoted in the *Statistical Review of Canada.*

As I said, we are left with the impression that statistics are deceitfully cut down because, according to the *Statistical Review of Canada,* there would be 408,000 unemployed in the country even though 547,800 persons are receiving unemployment insurance benefits.

This last figure represents only the number of persons receiving unemployment insurance benefits and does not include those thousands in Quebec receiving social assistance and welfare allowances.

Mr. Speaker, the chief quality of the present government is its talent for confusing figures, quoting incomplete statistics and giving a false picture to the public. Instead of relying on Bay Street, in Toronto, the

Minister of Finance should visit our ridings to meet the people. In fact, he should go to the ridings of Lotbinière, Lévis and Lapointe because he would then realize that the figures he quoted—

Mr. Guay: There are no unemployed in my riding.

Mr. Grégoire: Mr. Speaker, I hear the hon. member for Lévis (Mr. Guay) say there are no unemployed in his riding.

Mr. Guay: We are short of labour.

Mr. Grégoire: The hon. member claims that there is even a labour shortage in his constituency.

• (4:10 p.m.)

Well, Mr. Speaker, I say that when the electors of the hon. member for Lévis hear about the statement he just made, it will be better for him not to show himself to the unemployed in his riding. When the hon. member for Lévis talks like that, it is not for the good of his constituents but to try and save the face of his party. That party has no policy and the hon. member is thinking more of his party than of his electors. But his electors will keep that in mind.

Mr. Speaker, I see the hon. member for Mercier (Mr. Boulanger). I think he has been paying too much attention to furniture those past few years and it would be better for him if he looked after his electors—

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

Mr. Grégoire: Mr. Speaker—

Mr. Boulanger: Mr. Speaker, I rise on a question of privilege. I would like to ask the hon. member for Lapointe—

Mr. Deputy Speaker: Does the hon. member for Lapointe allow the hon. member for Mercier to ask him a question?

Mr. Grégoire: Mr. Speaker, since I have but 30 minutes, I should like to conclude my observations first.

Mr. Boulanger: May I ask you a question? May I ask you what I said? I did not speak, I did not even utter a word, I merely looked at you.

Mr. Deputy Speaker: Order. The hon. member for Lapointe.

Mr. Grégoire: I go on with the employment level and the unemployment problem.

Unemployment is lower only in the statistics provided by the government. Actually, it has not diminished. It seems to have been reduced but this is due to the fact that the methods used to compile statistics have been changed so that the unemployed receiving social or unemployment assistance but receiving no unemployment insurance payments are not taken into consideration. This is the only reason for the reduction of unemployment in Canada. It exists only on paper, because of the new method of compiling statistical data, but, actually, the number of unemployed has not been reduced. It increases continually and there is today a great number of young people on the labour market who are unable to find a job.

Mr. Speaker, if I were in the position of the present government, I would not be proud to say that unemployment has been reduced when they know perfectly well that this apparent reduction results from figure juggling and a new method of compiling statistics. The proof is that the same statistical review, page 14, gives different figures: 408,000 jobless at the top of the page and 545,000 persons receiving unemployment insurance benefits, at the bottom of the page.

Could the Minister of Finance explain that to me? If this is the basis of his statement that unemployment is lower, then I think that there should be a change in the Department of Finance.

Second objective set by the present government: a high and sustainable rate of economic growth. Mr. Speaker, in reviewing the economic growth of the country from 1961 to 1964, we find that the rate of economic growth has not been high and sustained as claimed by the minister.

In 1961, our gross national product, at the market price, was $38.6 billion; at the end of 1964, it was $46,736 million. The minister is basing himself on those figures to tell us that we have had a 6 per cent and an 8.5 per cent increase. There has been an increase of $8,136 million during those three years, according to the Minister's figures. And there again, Mr. Speaker, the figures given and the actual ones are entirely different, because prices have increased, and this is why the production volume has increased according to the figures quoted.

If a quart of milk which cost 24 cents in 1961 now costs 26 cents, it is obvious that production of a quart of milk is now worth 26 cents. But in 1961, the same quart of milk represented a production of 24 cents. The sale price and not production has been increased. It is merely a price increase.

Now, if the figures for this increase in the gross national product are worked out not

according to the market price but in constant dollars, that is, taking into account the value of money according to the 1957 index, one finds that in 1961, the figure was $36,108 million and in 1964, $41,284 million, or an increase of $5,176 million instead of $8,136 million.

But that is not all, Mr. Speaker. There was an increase of $5,176 million in constant dollars, but at the same time, in addition to the differences between the price of goods, other amounts were included in this $5,176 million increase. For instance, direct taxes have increased: federal, provincial and municipal taxes. In 1961, they reached $2,564 million; in 1964, $3,424 million, or an increase of $860 million which must be deducted from the $5,176 million increase.

There were also the direct taxes on corporations that must be included in this increase in the gross national product, that is an increase of $208 million in 1964 as compared to 1961.

Indirect taxes must also be included in the gross national product in constant dollars. There was an increase of $1,544 million in 1964 as compared to 1961; that adds up to a total of $2,812 million which must be deducted from the $5,176 million increase in the economic growth of this country.

This gives an actual increase in three years of $2,364 million and not $8,136 million as the Minister of Finance would lead Canadian citizens to believe.

Two billion three hundred and sixty four million dollars in three years, that means an average of 6.5 per cent or an actual average of about 2.2 per cent per year. Is that what the Minister of Finance calls a high and sustainable level of economic growth? At that rate, it would take 50 years to double the country's real economic standard of living, which is quite a poor performance compared to many other countries.

If you divide that increase of $2,364 million in three years between 19 million Canadians, you get $124 more for each Canadian in three years, or $41 a year.

• (4:20 p.m.)

There has been a year's work involved in getting an economic growth equal to $41 per year per person in Canada, and the Minister of Finance is proud of that result.

One must be blind not to realize that this is not real progress. If only there had been a real increase of $41 per year per person in Canada. But no, the direct debt of the federal government alone, not including that of provincial and municipal governments, school boards, companies, businesses, industries and individuals, jumped from $21,602 million in 1961 to $25,923 million in 1964, an increase of $4,321 million; therefore, we have an increase of $4,321 million as compared to a growth of $2,364 million in the last three years.

This means that instead of getting more prosperous, we have got into debt. After three years' labour, we have contracted additional debts to the tune of two billion dollars. During the last three years the balance of national accounts shows a decrease of two billion dollars. And the Minister of Finance is satisfied with this situation. That is the result of the Liberal administration during the last two years, and the government is satisfied with this setback.

Mr. Rondeau: The government is going backwards.

Mr. Grégoire: As the hon. member for Shefford said, the government is going backwards. The minister just boasted about the buoyant economy of the country, while in fact we have moved backwards. The next generation, your children and ours, will pay the interest on the debts which we are contracting today; this year we must pay out of our taxes and our sweat, $1,604 million in interest on the debt contracted 10, 15, 25 years ago by the predecessors of the present Minister of Finance.

We should not use the word "growth" but rather "setback" with respect to the economic development of the country.

Third objective of the federal government since it came into office stated on page 2 of the speech of the Minister of Finance:

> ...we wanted a better regional balance in both employment and growth.

Let us examine the facts and consider a press release of the dominion bureau of statistics dated April 14, 1965 for the week ending March 20, 1965, concerning employment and unemployment.

In February 1965, there were 397,000 unemployed in Canada according to the D.B.S. I think there are at least twice as many according to the figures provided in Canada Year Book. In March 1965, a month later, there were 387,000 unemployed, that is 10,000 less. But did this make for a better balance between regions in the field of employment and economic growth?

Let us look at the situation in all the Canadian provinces except Quebec. In the Maritimes, there were 76,000 unemployed in

February 1965 and in March of the same year, 73,000. In Ontario, there were 93,000 in February 1965 and a month later, in March, 79,000. The prairie provinces had 47,000 unemployed in February 1965 and 49,000 in March, an increase of 2,000. In British Columbia, the jobless numbered 37,000 in February 1965 and 33,000 in March.

If you look at the figures for Ontario, which has a larger population than Quebec, you find that this province had 93,000 unemployed in February 1965 and 79,000 in March.

In the province of Quebec you will find that during the month of February 1965, there were 147,000 unemployed persons while there were 156,000 during the month of March of the same year, which is an increase of 9,000.

Mr. Rondeau: That is what is called co-operative federalism.

Mr. Grégoire: An increase of 9,000. It is the only region in the whole of Canada where unemployment has increased: An increase of 9,000, while everywhere else, unemployment has decreased. And now, the Minister of Finance tells us that one of his objectives is to establish a better regional balance in both employment and growth. Well, he has really missed his goal in the province of Quebec since it is the only region of Canada where unemployment has increased. In Quebec, there were 153,000 unemployed, while in Ontario there were 79,000. We will see later some of the minister's explanations which condemn his attitude toward employment and unemployment.

Mr. Rondeau: Liberal in Quebec and Liberal in Ottawa.

Mr. Grégoire: Despite these three objectives, in the last years, as we can see, the present government has lamentably failed in its duty.

And here is what the Minister of Finance added in introducing his budget speech:

> We also wished to bring into closer balance our trade and other current international transactions.

Mr. Rondeau: Another farce. They are a bunch of jokers.

Mr. Grégoire: Let us see what the Minister of Finance says in that connection in his budget speech. See how serious this is becoming:

> To be sure, last year we achieved a trade surplus of $700 million. But we used up this surplus and more in servicing past debts, in paying dividends to foreigners—

I am not saying this; the Minister of Finance said so. This surplus of $700 million from our sales to foreign countries has not been enough to service past debts. And the minister continues to borrow even though this surplus was not enough to pay dividends to foreigners; $700 million.

We ask for a national dividend, not for foreigners but for Canadians, and the sum of $700 million has not even been enough to pay dividends to foreigners and to make other kinds of current payments. The minister should tell us what are the current payments. They are certainly not readily available because they cannot be found in the province of Quebec. He calls that current payments although they are interests on our borrowings. It sounds better. But he should make some of those current payments to our own Canadian citizens.

Mr. Rondeau: They are for others and not for us.

Mr. Grégoire: Later on in his speech the minister indicated that he wanted to achieve a balance, but note the flagrant contradiction in this same paragraph of the budget speech of the Minister of Finance where he complained about our trade deficit:

> I do not anticipate difficulties in financing outside Canada the moderate amounts really required for this purpose, but the dependence on foreign savings should not be permitted to persist indefinitely.

Mr. Rondeau: When will savings be made for us?

Mr. Grégoire: He complains about the size of our debt abroad. And without even batting an eye or blushing, he went on quite directly two paragraphs further:

> I do not anticipate difficulties in financing outside Canada the moderate amounts really required for this purpose, but this dependence on foreign savings should not be permitted to persist indefinitely.

And he added:

> The major source of capital, the United States, is having to restrict its investments abroad.

He also added:

> We would be foolhardy if we assumed that over the long term, the capital needed to cover our continuing current account deficits, whatever their size, would always be ours for the asking.

But our continuing deficits precisely come from the fact that in the past, we depended too much on foreign capital and not enough on the credit of Canada which should belong to Canadians because it represents labour, the labour of the Canadian people and the natural resources of Canada.

Mr. Rondeau: They rob Peter to pay Paul.

Mr. Grégoire: The Minister of Finance is aiming at a balance of payments in our foreign trade, but he is still looking for foreign capital.

• (4:30 p.m.)

But look at this other inconsistency. Where it would be fine, where we would have a surplus in our trade with foreign countries, namely with the United States and England, what happens? The Minister of Finance wants to do them favours to enable them to balance their trade with us, so that as a whole, we have a deficit.

Mr. Rondeau: They rob Peter to pay Paul.

Mr. Grégoire: Here is what he said:

> For a wide range of such products Canada is Britain's nearest, and most reliable and cheapest source. As a result, our sales to Britain over the years have normally exceeded her sales to Canada.

That should delight us. But they would like to help Great Britain to get back on her feet and they still worry about her trade deficit with Canada. It is natural to worry about her trade deficit with the United States. We appreciate that because we face the same type of problem and even worse.

As far as current operations with the United States are concerned, for the whole of 1964, exports from the United Kingdom to Canada amounted to $60 million more than in 1963. The minister said further:

> We expect now to see further substantial improvement in the sale of British products in the Canadian market.

Mr. Rondeau: Cheers for the stepmother.

Mr. Grégoire: A "substantial improvement", especially in the field of automobiles. But if we buy products made in England, if we buy more automobiles there, this will bring a decrease in employment in Canada. This may result in an increase of our imports, but at the same time this will result in the loss of jobs for many in Canada.

That is what the Minister of Finance is hoping and looking for. He has adopted new tariff regulations so as to help Great Britain to sell more on the Canadian market, whereas Canada is the one that needs assistance. Well and good to help England; but what if it is to the detriment of Canada? The Minister does not care.

Mr. Deputy Speaker: I regret to have to interrupt the hon. member, but his time is up, unless he obtains the unanimous consent of the house to pursue his remarks.

Mr. Lambert: Provided it does not take too much time.

[Mr. Rondeau.]

Mr. Deputy Speaker: Has the hon. member unanimous agreement to continue?

Some hon. Members: Agreed.

Mr. Grégoire: At a time when Canada is seeking to set up her own automobile industry, the Minister of Finance stated in his budget speech that he welcomed increased imports of British automobiles.

Such is the foreign trade policy of the Minister of Finance.

The Columbia treaty negotiated by British Columbia is the only major transaction of the past few years which may be beneficial to our country by providing us with American dollars and by reducing our trade deficit with the United States.

An hon. Member: We need a new minister of finance.

Mr. Grégoire: Mr. Speaker, the minister also mentioned federal-provincial relations in his budget speech? I should like to quote a sentence from the budget speech, as reported on page 431 of Hansard for April 26, 1965:

> The federal government's responsibility in the field of fiscal policy, monetary policy and trade policy is primary and indisputable. And this is as it should be...

But how did the government discharged its responsibility in the field of fiscal policy? It encroached upon the rights of the provinces in the field of direct taxation. The monetary policy of this government has always been directed toward big financial interests, never in favour of the Canadian people. Seventy five per cent of the Canadian trade policy has been directed toward the marketing of western wheat while other farm products of eastern Canada have been completely ignored by this government. That is why provincial governments, and more particularly the government of the province of Quebec, are more than ever entitled to question the policy of the federal government in those fields, and I am more and more convinced that provincial governments are right in wanting to assume responsibilities for those fields because the federal government refused to do its duty.

Mr. Speaker, as the time allowed to me will expire shortly, I will now deal with the personal income tax "cut" announced by the Minister of Finance in his budget speech.

Mr. Rondeau: It is not worth mentioning.

Mr. Grégoire: The hon. member for Shefford (Mr. Rondeau) says that it is not worth mentioning, particularly as far as the small wage earners are concerned, because it favours people in higher income brackets.

According to the table supplied by the Minister of Finance himself in his budget, a married man, with two children, with an income of $3,000 will have a tax abatement of $3 a year, and only $1.50 this year since the abatement will only cover six months.

On the other hand, a man earning $20,000 under the same circumstances will enjoy a tax cut of $493 and one earning $50,000, a tax cut of $600. Therefore, people in the high income group will get large tax cuts while those in the low income group will get practically nothing.

Ministers will get a deduction of $600 a year and members of parliament will get one of approximately $200 a year, whereas the 3,100,000 taxpayers who earn $5,000 or less a year will not even gain $30. Mr. Donald Gordon, who earns $75,000 a year, and Mr. Alphonse Ouimet, who earns $40,000 a year, will get a reduction of $600 whereas the C.N.R. and C.B.C. clerks who earn only $3,000 a year will get a deduction of $3. A tax cut of $600 for the president who earns $75,000 or $40,000 and $3 for the clerk who earns only $3,000.

Such is the fairness of the latest budget, Mr. Speaker. Whereas low income groups would have needed tax reductions they have been almost forgotten in all this.

This is the budget: a statistical hoax, an illusory description of the situation and a few favours granted to Great Britain; tax abatements for people in higher brackets, a stronger control of big financial interests over our economy, astronomical payments of a colonial tribute to foreign capitalism and, for the people, a few crumbs to keep them quiet.

Like the vanquished of Gaul in Caesar's time who had to crawl under the Caudine forks, the Minister of Finance subjects the Canadian people to the control of high finance.

What has been overlooked is to give back Canada to Canadians. What has been overlooked is to enable private individuals and families to enjoy prosperity, to develop our social institutions in the fields of leisure, education and so on. What has been overlooked is to promote public development through a comprehensive public program, such as the construction of highways, bridges, public buildings, harbours, and so on.

What has been forgotten is the development of our natural resources by and for Canadians.

The government will realize that its first two years of administration show sad results and that the 1965 budget does not forecast any improvement. The proof is that the Minister of Finance stated that there would be a slowdown in the economic development by the end of the year. Why? Because he failed to set his sights high enough, to appreciate the potential of our country, to adjust to the modern age in which we are living, in short, because he has forgotten to adapt our monetary policy to the country's potential. Let us recognize this potential. Let us recognize at the same time the needs of our country, of our citizens, of the whole world, and then, with the use of progressive and drastic measures, we will know a true economic progress, not for England, not for the big shots but for each and every one of the Canadian citizens.

• (4:40 p.m.)

[*Text*]

Mr. L. T. Pennell (Parliamentary Secretary to Minister of Finance): Mr. Speaker, this is the first occasion I have had the privilege of participating in a budget debate and I would hope that the House might welcome the introduction of a small measure of virginity into this controversial issue. It is always a pleasure, of course, to follow the hon. Member for Lapointe (Mr. Grégoire) because he seems to enjoy himself so much in any debate. I propose, however, first of all to deal with some of the criticisms directed from across the floor by the financial critic of the Official Opposition, the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan). I wish to assure the hon. Member that we on this side of the House have a very warm regard for him, but I am sure he will not take it amiss if I say that that regard does not extend to the acceptance of his judgment on economic matters.

It was rather significant that the chief financial critic did not go into any analysis in depth of economic conditions in the country today, although the occasion was rather appropriate and he had ample opportunity to do so. I suggest that the answer is very simple, namely the general satisfaction with economic conditions in Canada today. His chief criticism, Mr. Speaker, which was not of a wounding nature, centred around the fact that the Minister of Finance (Mr. Gordon) had not seen fit to remove the sales tax upon production machinery and equipment. The hon. Member attempted to fortify his argument by leaning upon a statement—I will not say a

self-serving statement—issued by the Canadian Manufacturers' Association on April 10 last. I might say that the nakedness of the argument put forward by the hon. Member is found in his own quotation. I therefore do not hesitate to put that quotation on the record again. I quote:

> New manufacturing investment in the Canadian economy in 1965 is forecast to exceed $2.2 billion, a sum never before equalled in a single year. It is 23 per cent greater than the $1.8 billion invested last year and two thirds as much again as the $1.3 billion of 1963.

I might add, Mr. Speaker, that this is typical of the confidence of Canadian businessmen in the present administration. I do not wish to do an injustice to the hon. Member for Digby-Annapolis-Kings inasmuch as the fact is that he went on to introduce a qualifying paragraph which I will also put on the record. In this regard he referred to the anticipated tax reduction on production machinery and equipment.

> Should these expectations not be realized, there could very well be a distinct scaling down in capital investment intentions to the detriment of the economy and government revenues alike.

It seems to me, Mr. Speaker, that the hon. Member has obviously forgotten to look at the record of achievement in 1964 because this is the same doleful prophecy we have heard for the last two years. The record will show that investment in 1964 was $500 million more than in 1963. However, the hon. Member sought to bolster his position with further quotations and one to which he referred was a statement by the President of Chemcell to a meeting of company shareholders. It is to be found on page 699 of *Hansard* of yesterday. Again the hon. Member was referring to the failure to reduce or remove the tax on production machinery and equipment, and he implied that this would be a great brake on Canadian exports. Again, in fairness to him I give the quotation:

> This tax is a serious brake on national progress... Only the general level of Canadian prosperity has concealed the innate viciousness of this tax...

It is rather remarkable, Mr. Speaker, that the quotation referred to by the hon. Member mentions the general level of Canadian prosperity.

Mr. Nowlan: Why not? We achieved it.

Mr. Pennell: I find the hon. Member for Digby-Annapolis-Kings much more attractive when he remains cheerful, as he is now. However, I would suggest that if the hon. Member had made even a cursory examination of the figures to be found in the White Paper he would have found the answer to the question he posed. The latest D.B.S. figures for exports of inedible end products, which consist mainly of manufactured goods, are as follows: In 1963 exports amounted to $779 million while in 1964 they amounted to $1,109 million, an increase of $330 million or more than 40 per cent in exports of Canadian manufactured goods to foreign countries. If the hon. Member will look at the record he will see that the evidence of our economy is clear and compelling.

I would suggest to those who are concerned about the economic future of the country that the production of steel is one of the most accurate barometers of the future. Since there is a great propensity for quoting statements from various newspapers, may I say that I think the *Financial* Post put the situation rather well on the 10th of April when it stated:

> The Canadian steelmakers are hurrying a new expansion program that will boost capacity by at least one third during the next five years. Total capital outlay will be about $750 million, steel authorities told the *Financial Post* this week. Expansion programs are being tailored to a forecasted annual growth in steel markets of 7.5 per cent to 1970. Expansion plans have been speeded up because steelmakers badly underestimated market growth—it was longer and stronger than they figured—in recent years, and we are now about one million tons short in productive capacity.

All this reflects the confidence that this administration has restored to Canada's economy, and I do not think we can overemphasize the cumulative and far reaching effect that confidence can have in restoring and maintaining the economy.

The very satisfactory condition of our monetary reserves in gold and foreign exchange again is most cogent evidence that this Government and this country command the respect of investors both at home and abroad.

I do not propose to shirk other issues raised by the hon. Member for Digby-Annapolis-Kings. I am going to turn now to the tax reduction. I say openly and frankly that the benefit of the tax reduction, which applies to the great majority of taxpayers, was a modest one. But, Mr. Speaker, if you are going to put the tax reduction in its proper perspective you must weigh the total impact it is going to have on the economy. The real test of the budget is whether the tax reduction will meet the fundamental necessity of moving our economy forward, and without inflation. If the economy becomes stagnant,

then no matter what tax reduction is made all will suffer. If we are able to keep the economy moving forward at its present rate of growth, all will gain.

I should like to put it on the record, Mr. Speaker, that in large measure it was the fiscal policies introduced by the present Minister of Finance that made it possible for us to introduce a tax reduction at this time without impairing the Canadian economy. In many ways the present budget is a complement to the budget of 1964. The fiscal policies introduced at that time enabled the Government to reduce the budgetary deficit to $83 million in 1964 from $690 million in the fiscal year 1962-63. The Minister of Finance knew that new policies had to be introduced to meet the challenge of unemployment, and it is within the recollection of the House that when he brought in his new policy of tax incentives there was considerable controversy, particularly because hon. Members across the floor were advocating then as they do today that we follow in the footsteps of the United States with regard to tax reductions. It is worthy of note, Mr. Speaker, that the over-all performance of the Canadian economy in 1964 was considerably better than that of the United States.

• (4:50 p.m.)

Now, Mr. Speaker, I have said that the tax reduction was a modest one in many instances. I am not going to evade the issue. I agree that the greatest direct benefit is conferred on taxpayers who are carrying the greatest share of the tax burden. This is inevitable, and follows when you have a general tax reduction across the board in the standard rate. The Minister realized, and he made it clear, that we were not sounding a note of self-satisfaction; there was no room for complacency. Although the economy is sound, and although it is on a firmer base than it has been for many years, although we can expect continued advances, there is room for improvement. The Minister felt it was necessary that we should step up our consumer spending, particularly with the increased production coming out of expanded capital investment. It is, I think, generally recognized that a tax reduction is one way of stepping up and expanding the economy.

At the same time it must be borne in mind that the closer we move toward a full economy, the greater the danger of inflation. So the question of a tax reduction becomes a matter of judgment. No Minister, no matter how long he looks at all the figures, all the forecasts, all the estimates, can do other than finally fall back on the question of judgment. The margin of error in this judgment is very great. I should like to put before you what I believe to be a very strong illustration. If there is a change of 1 per cent in the spending or saving habits of the Canadian people, it could make a difference of $360 million as to whether the money goes into consumer spending or is retained as savings. Let us remember that a change of 1 per cent can make a difference of $360 million in the disposition of the personal income of the Canadian people. I submit therefore, as there is no precise mathematical formula upon which the Minister can rely, he has to fall back on his own judgment. I say, with great respect, when we look back on the past achievements of the Canadian economy we are entitled to rely upon his judgment with the fullest confidence.

The total tax reduction amounts in a year to approximately $265 million. It is expected that this tax reduction, which will take the form of an increase in personal disposable income, will be spent and respent and by circulating through the economy it will generate spending capital in an amount greater than the original tax cut. Of course, it has to be recognized that there will be a decline immediately in Government revenues. It is to be hoped also, Mr. Speaker, that with an expanded economy there will be a feed back in revenues, with a substantial beneficial effect on our budgetary position, provided of course expenditures are held at the proper level. My interpretation of the budget is that the Minister of Finance (Mr. Gordon) took the necessary steps to step up or to bring into the economy the consumer spending required to assist the increased production we are setting from our expanded capital investment. I respectfully submit that this is a balance approach to our economic problems and to the present needs of our economy.

I propose now, Mr. Speaker, to deal with the subamendment proposed by the hon. Member for Nanaimo-Cowichan-The Islands (Mr. Cameron). I do hope that the hon. Member, who is temporarily absent, will believe in my sincerity when I say that I have a high respect for his opinions and for him personally. However, I say to him, and I trust he will acquit me of incivility, if I say that if the N.D.P. really wants to be taken seriously as an alternative to Government it must face with more responsibility the fiscal consequences of what it proposes. The Minister of Finance has already spoken

in this debate and has supplied me with some figures. It would be most instructive, Mr. Speaker, to examine the consequences of the proposals contained in the subamendment. The proposal to raise the personal income tax exemption by $500 for single persons and $1,000 for married persons and to raise the old age security payment to $100 per month, would cost $1,150 million per annum. If the hon. Member intended that the $100 per month under the old age security was to be paid at age 65, as his party proposed in the last session, then the total national bill would be $1,790 million per annum.

Let us consider the smaller of these two sums. It is proposed that we add $1,150 million per annum to Government expenditures. I respectfully suggest that it was quite out of character and quite unworthy of the hon. Member, for whom I have high regard, to move the subamendment without indicating precisely how this huge sum would be financed. Does he seriously suggest that it should be added to the deficit at a time when our resources are being used to a fuller extent than has been the case for years? If this is the proposal, it would certainly be a sure way of raising prices and I am sure that no party in this House wants that.

If, on the other hand, the N.D.P. has in mind covering this extra national expenditure of $1,150 million by increasing some other form of taxation, then I submit it was incumbent upon the hon. Members to be more precise and to say which taxes he would propose to increase. By way of example, I say that to collect another $1,150 million through the sales tax, would require increasing the rate from 11 per cent to 18 per cent. Is that what the hon. Member wants? Unless the N.D.P. is prepared to state clearly how much is involved in terms of additional expenditure and how the amount is to be raised, then it must forgive people both inside and outside this House for regarding the subamendment as one of pure, political expediency.

Let me put some more figures on the record, Mr. Speaker. The proposal for an extra $1,150 million of expenditure, in terms of corporate income tax, would mean adding an extra 24 per cent tax on corporations. The lower rate of tax would become 45 per cent and the top rate would be 74 per cent. Perhaps I might lower the temperature of the debate, Mr. Speaker, if I turn to another proposal in the budget, but perhaps it would be better if I called it five o'clock.

[Mr. Pennell.]

Mr. Deputy Speaker: Order; it being five o'clock, the House will now proceed to a consideration of private Members' business as listed on today's Order Paper, namely, Private Bills, Notices of Motions for Papers and Public Bills.

PRIVATE BILLS

LAURENTIDE BANK OF CANADA

Mr. Ron Basford (Vancouver-Burrard) moved the second reading of Bill No. C-95, to incorporate Laurentide Bank of Canada.

• (5:00 p.m.)

He said: It is my pleasure once again, as in the last session, to move the second reading of Bill C-95 to incorporate the Laurentide Bank of Canada, or Banque Laurentide du Canada.

The incorporation Bill follows the example set out for these acts in the Bank Act. Hon. Members will note from clauses 1 and 2 that the sponsors of the bank and the provisional directors are Mr. Peter Paul Saunders and Mr. Andrew Saxton, President and Executive Vice President, respectively, of Laurentide Financial Corporation, together with Mr. William Mainwaring, Mr. Paul Paine, Q.C., Mr. Edgar Saba and Mr. Howard Mitchell, all of the City of Vancouver and Mr. Bernard Bourgeois, Q.C. and Mr. Lionel Leroux, both of the City of Montreal.

Naturally the sponsors will appear before the Banking and Commerce Committee where each of them may be examined individually as to his experience and ability. I would assure the House now that each of them is a man of wide and varied experience in the financial, professional and business activities of his community. They are men of reputable standing and proven competence. For example, two of the principals, Mr. Saunders and Mr. Saxton are a success story in the Horatio Alger tradition. Starting as graduates of the University of British Columbia, along with several colleagues they formed Imperial Investments with $1,500. Imperial Investments is now Laurentide Financial Corporation, Limited, with extensive financial operations throughout Canada. Mr. Paine is a bencher of the Law Society of British Columbia and Chairman of its Discipline Committee. Mr. Mitchell is immediate Past President of the Canadian Chamber of Commerce. Mr. Bourgeois is Vice President for Quebec of the Canadian Bar Association.

The capital of the new bank is to be $30,000,000 divided into 3,000,000 shares. The Banking and Commerce committee will be able to examine the plans for sale and distribution of these shares in detail. It will see that through the proposed distribution to the widely dispersed and varied existing Canadian shareholders of Laurentide Finance to the extent of 47 per cent and through underwriters to the general public to the extent of 53 per cent, the shareholders of the new bank will represent a wide and varied segment of the investing public and that control of the bank will not rest with any small group of people or corporations. I want to say now, however, that the new bank will not be a subsidiary of Power Corporation or of the Laurentide Financial Corporation. And, in answer to questions asked last session, it will not be the retail outlet for Laurentide Finance.

Clause 5 of the Bill is a special clause which provides first that the directors of the bank shall be Canadians and, second, that at least 90 per cent of the shareholders of the bank shall be Canadian. This anticipates legislation announced by the Minister of Finance (Mr. Gordon).

You will note from the Bill, Mr. Speaker, that the head office of the Laurentide Bank shall be in Vancouver; that six of its provisional directors are from British Columbia and two are from the City of Montreal. It is intended that the bank shall be thoroughly national in character. It is obvious that any new national bank must start from some regional base, as did our existing chartered banks, and therefore the first branches will be opened in and around the two cities of Vancouver and Montreal, where the provisional directors reside. It is intended eventually, as conditions warrant, to provide a general banking service throughout Canada. It is because the head office will be in Vancouver and the principal management will be located there that I am proud to associate myself with this Bill and with the incorporation of the Laurentide Bank of Canada.

Without being critical of the existing banks, I am aware of the difficulty which Western Canadians face in capital formation. In the West, and in British Columbia particularly, we have a fast growing and developing region, a boom area, yet not one chartered bank has seen fit to have a head office West of Toronto—a head office and financial policy oriented to the special needs and problems of Western Canada. We in British Columbia have long felt the need of establishing financial institutions that are oriented to our special needs and problems, and I would hope that no one in this House would stand in the way of helping to fill this need for British Columbia.

Many Members are not familiar with the tremendous developments going on west of the Rockies. Some have said that all financial institutions must be centred in Eastern Canada. One only need go to San Francisco to see that in the Western United States financial institutions have been formed and have been able to grow to national importance. Vancouver, I like to think, is the San Francisco of Canada, and we are at the stage where we want, we need and we are able to support Western financial and banking institutions.

The other region of Canada to be immediately served by this bank is the Province of Quebec. There are two leading French speaking Canadians on the Board of Directors. Laurentide Financial Corporation has carried on business in the Province of Quebec for a long and, I think, happy period. I trust Members from Quebec, all eager to see the further development of their Province, as I am of mine, will recognize the value of creating additional banking facilities within their Province to contribute to the economic development of Quebec.

Some Members have raised the question of whether or not Canada needs additional chartered banks. Members of the Banking Committee will want to examine this question in detail. Briefly, however, I would refer Members to the Royal Commission on Banking —the Porter Report—which makes it clear throughout that in the opinion of the Commission, there is no hazard to Canada's chartered banking system by the incorporation of additional chartered banks. The Porter Report has recommended a more open and competitive banking system. It has referred to the dangers of undue concentration in our banking system. I quote very briefly from page 362 of the report, where it states:

> There must be sufficient competition among these institutions that borrowers and savers have alternatives open to them.

If it is felt the incorporation of an additional bank would endanger the Canadian banking system, one of the finest in the world, any of the existing banks or the Canadian Bankers' Association had the full right and opportunity to come before the Senate Committee last session and say so. They did not. Our Canadian bankers believe, like most Members of this House, in the free enterprise system; they believe that the very essence of

that system is the free play of competitive forces. We do not believe in the stifling of competition. Surely we cannot believe that our banking system should be left static, ultimately by way of merger and take-over to fall into the hands of two or three chartered banks. In the last ten years alone the number of banks has decreased from eleven to eight. This process should not be allowed to continue.

There are those in the House, of course, who do not believe in the free enterprise system. There are those in the House who want to make drastic and sweeping changes in the banking system. But surely they too must feel that increased competition within the banking system can only be helpful. Surely they are not going to use their position in this House to prevent the passage of a Bill which would result in protecting the existing chartered banks from further and desirable competition, and give the existing banks a monopoly over Canadian banking business.

There are those who point to the number of branches we have in Canada and say that the number is ample and sufficient for the needs of Canada. I suggest, Mr. Speaker, that it is not sufficient to say we have so many branches, and that is enough. Surely a bank is and must be a policy-making financial institution whose services may be offered by one branch or by a thousand branches. An abundance of branches is nothing more than a convenient extension of services, not an extension of policy.

• (5:10 p.m.)

A bank, no matter how many hundreds or even thousands of branches it may have in operation, is one bank, having one policy, paying one rate to its depositors and demanding one rate from any particular class of borrower. This policy is formulated at head office and simply implemented by the large number of branch managers, and there is certainly not one policy for each branch, but one for the entire structure.

In Canada we have now shrunk to the point where, other than in Quebec and small portions of Ontario and the Maritimes, there are only six chartered banks, and I include the Mercantile Bank in this number. In British Columbia we have only six, and in Alberta only five. To me, it is self-evident that the person proposing to transact banking business, and having eight alternative policy-making financial institutions to which to turn, obviously is better served than the Albertan or British Columbian, who is limited to five or six. To me it is obvious that an increase in the number of chartered banks, thus providing to Canadians and the Canadian economy additional policy-making financial institutions, additional head offices, can only be of benefit to the growth and development of our economy.

Another argument raised against incorporating banks at this point is that they should be made to wait for the decennial revision of the Bank Act. There are many answers to this argument. The Mercantile Bank of Canada, the last bank chartered in Canada, was chartered in 1953, immediately before the then decennial revision of the Bank Act. Second, the sponsors of, and investors in, this proposed new bank are aware that the Bank Act is due for revision. Any new bank will, of course, be subject to any new revisions made to the Bank Act. The sponsors and investors are prepared to go ahead in the knowledge that the Bank Act will be shortly revised. Surely if they are prepared to go ahead in the face of possible amendments, they should, other things being equal, be allowed to do so.

Whether to incorporate this bank, or any other bank, one must apply the standards laid out by the Minister of Finance in this House many months ago; namely, is it properly financed? I say, Mr. Speaker, that the Laurentide Bank of Canada, with a proposed capitalization of $30 million, with the support that it will obtain from Laurentide Finance Corporation and the general public, is properly financed. Is it supported by financially responsible people? In my brief outline of the sponsors of this Bill I have indicated that they are financially responsible people with wide and varied experience in the business life of their communities. The Laurentide Bank of Canada is assured of a broad and diversified ownership, and its backers have the resources and the experience to ensure that it will be financially sound. Will control of the bank remain in Canadian hands? Yes, Mr. Speaker, by reason of section 5 that will be so. I suggest that the Laurentide Bank of Canada meets all of these conditions, and careful scrutiny by the members of the Banking and Commerce Committee will satisfy them that the Laurentide Bank should be incorporated.

Now, Mr. Speaker, this and other Bills of a similar nature were introduced during the last session. This particular Bill was given first reading in the Senate on March 24, 1964. It was given second reading and referred to Committee on May 13, referred back from

Committee on July 27, and given third reading in the other place on July 28. In this House it was given first reading and reported from the other place on July 29, 1964. It was introduced for second reading and debate commenced on October 15, 1964. Debate took place on October 15 and resumed on November 12, 1964, and February 25, 1965. Thereafter it did not come up for debate again, and died on the Order Paper at the end of last session without having been referred to the Banking and Commerce Committee.

This session the Bill, as hon. Members will note, has been presented and introduced in the House of Commons first. I can appreciate and understand the desire of Members of this House to very carefully examine proposals to incorporate a new bank. I suggest that the proper place for questions to be asked and explanations given is the Banking and Commerce Committee of this House. If, following the appearance of the sponsors of this bank and the giving of explanations by them, some Members of the House have objections to the incorporation of this new bank, they have their rights and remedies and can act accordingly. But I would hope, Mr. Speaker, that progress, or the lack of progress, of this Bill is not going to be linked to the progress, or lack of progress, of any other banking proposals that may be made by others and that may particularly be made by the Premier of the Province of British Columbia. Whether this bank should be allowed to carry on business is one question. Whether Premier Bennett, or any other Provincial Government for that matter, should be allowed to carry on a banking business is quite another and entirely separate question. So far this session the Government of the Province of British Columbia has made no move to proceed with the incorporation of a Bank of British Columbia. I checked with the officials of the other place within the hour, Mr. Speaker, and no step has been taken in that House. If and when it is, that is a matter that will have to be dealt with, and I, as a Member from British Columbia, certainly hope that if the Premier of my Province takes proceedings in the Senate, they will be dealt with by the hon. Senators in a more expeditious manner than was the case last session.

In the meantime, Mr. Speaker, the sponsors of the Laurentide Bank are willing, ready and able to proceed with the incorporation of a new bank. They have, I suggest, a right as citizens to ask Parliament to hear them and to deal with their application and either accept or reject it. They ask no more than the right to do business. Mr. Speaker, I call on those Members who have the best interests of British Columbia at heart to let them exercise that right. Last session Premier Bennett informed the Banking Committee of the other place that he favoured the incorporation of the Laurentide Bank of Canada. I call, in addition to the Members of the House, particularly on Premier Bennett to persuade his parliamentary friends not to filibuster this Bill, so that British Columbia can have the benefit of the new banking facilities proposed in this Bill, banking facilities oriented to the needs of British Columbia. So far as I can surmise, whether British Columbians are to receive the benefits of new and different banking facilities as represented by this Bill is entirely in the hands of Premier Bennett, and I ask him to act accordingly.

Mr. Leboe: Mr. Speaker, I just want to ask the hon. Member a question. If the opportunity arises, will the hon. Member vigorously support the Bank of British Columbia, as he is asking us to do now? I would like to ask him a further question. Has the hon. Member any evidence that any of the so-called colleagues of the Premier of the Province of British Columbia who are sitting in this House have filibustered any bank bill?

Mr. Basford: In reply to the first question, Mr. Speaker, if the sponsors of any proposed Bank of British Columbia want to comply with the law of the land and the financial policy of this Government, I would be more than happy to support the bill. In regard to the second question, I take it that the hon. Member for Cariboo is referring to Members of the Social Credit Party in this House. I at no time in my remarks said that any Members of that Party had filibustered this Bill.

Mr. Grégoire: I have one question, Mr. Speaker. Can the hon. Member explain—

Mr. Deputy Speaker: Order, please. Before the hon. Member is allowed to ask a question I should bring to the attention of the House that the time of the hon. Member for Vancouver-Burrard (Mr. Basford) has expired, and a question can only be asked now with the consent of the House. Is this agreed?

Some hon. Members: Agreed.

Mr. Grégoire: Can the hon. Member explain to us why this Bill is now coming first in the House of Commons before going to the Senate?

• (5:20 p.m.)

Mr. Basford: Mr. Speaker, it has come to the House of Commons first as a result of the experience last session. As the hon. Member for Lapointe (Mr. Grégoire) knows, the Senate approved this bank Bill last session. Therefore, it seemed to the sponsors of the bank, and to me as the sponsor of the bill in the House, that it would be wise to commence proceedings in the House of Commons, where last session it seems we encountered the difficulty.

[*Translation*]

Mr. Gérard Perron (Beauce): Mr. Speaker, I should like to direct a question to the hon. member for Vancouver-Burrard (Mr. Basford) in order to clarify the answer he has just given to the hon. member for Cariboo (Mr. Leboe).

The hon. member for Vancouver-Burrard implied that a group had taken advantage of circumstances to filibuster and prevent the passage of this bill during the last session. However, he stated he was not referring at all to the party of the hon. member for Cariboo. Consequently, could he tell us whether he referred to another party that would have filibustered during the last session and subsequently prevented the passage of a bill in all respects similar to the one now before us?

[*Text*]

Mr. Basford: Mr. Speaker, to answer a simple question with a simple answer, the record speaks for itself.

Mr. Frank Howard (Skeena): Mr. Speaker, if the record is not clear and someone wants me to straighten it out, I will be glad to, but I think the stand we took during the last session in respect of this Bill, and the stand we are taking with the Bill which follows it on the Order Paper today, is fairly clear on the record.

May I say at the outset that I am not in favour of this process of incorporating banks. Similarly I am not in favour of using this process to incorporate any other business in Canada. I think this procedure is a holdover from some time in antiquity in England when nearly everything of this nature was done by way of petitioning for a private bill to incorporate groups of people to do various things. I suggest that when and if the Minister of Finance (Mr. Gordon) gets around to introducing a revised Bank Act or amendments thereto—for it is my understanding that it is because of the provision in the Bank Act that Bills to incorporate banks must be done by this method—he should remove this provision, because I think it is a waste of the time of Parliament, which periodically has to concern itself with one small section of a particular part of the economy, or one or two companies within a certain part of the economy, subject them to debate and examination, while at the same time—

Mr. Gelber: Will the hon. Member permit a question?

Mr. Howard: Well, if my hon. friend would contain himself he will have the opportunity of asking all the questions he likes at the conclusion of my remarks.

Mr. Gelber: What about the renewal charters?

Mr. Howard: If the hon. Member is so impatient that he cannot wait, then I will be glad to accommodate him.

Mr. Gelber: As the hon. Member is dealing with the point, is he also saying that renewal charters should not come before this house?

Mr. Howard: I am not familiar with the process of renewal charters of banks, but I assume that if there is to be a regular decennial consideration of the Bank Act in its entirety, then that should be sufficient for the renewal of charters. But as I say, I am not familiar with the actual process.

If I was not clear, what I am saying in essence is that I do not think the Parliament of Canada is the place to incorporate private businesses in this country. Private businesses should be incorporated outside of the Parliament of Canada under the Bank Act, or the Companies Act, or the various financial or trust company acts, or whatever particular statute applies. We should not be bothered with this sort of thing. However we are bothered with it; it is before us and we must concern ourselves with it. I hope to direct my remarks to the concern we have particularly with respect to the Laurentide Bank, the Bill to incorporate which is before us, as well as the relationship of this bank with other banks, and I hope I will be permitted to cover similar ground to that covered by the sponsor of the Bill.

The hon. Member went into great detail and almost eulogized the free enterprise system in talking about competition, seeming

thereby to indicate that there has been in years gone by a lessening of competition in the banking field, and that the incorporation of the Laurentide Bank and other banks will increase this so-called competition in the banking field. It is true that in the past number of years there have been consolidations or mergers of banks, which procedure has in fact reduced the number of banks in existence in Canada. If the Bill presently before us and that relating to the Bank of Western Canada are passed, and those companies commence operations, this will in fact increase the number of chartered banks in Canada. It does not follow from this, however, that there will be any increase in competition, because as far as I have been able to assess the information there is no competition in the banking field.

The banks of Canada operate as a very tightly run oligopoly within which there is no difference of opinion, and no difference of approach. The banks are regulated to a large extent by the Bank Act, and by the Bank of Canada in the manner in which they do business. They are restricted as to the amount of reserves they can have, and they are regulated as to the amount of interest they can charge, and the like. I do not know one bank which offers any large degree of competition over that offered by another bank, unless it happens to be in the form of the friendly smile of the manager or of the accountant responsible for granting loans. But that is the extent of the competition—a competition by front, competition by a smile, competition by a pleasant personality.

Competition in the true sense of the word, by way of providing a service or a product to the general public which is the best possible and at the lowest possible price, just does not exist in the banking institutions of Canada. The incorporation of Laurentide Bank will not increase competition but will merely add one other company to the chain of companies already members of the banking oligopoly, and no one will notice the difference except, perhaps, that some additional money will be expended to build offices in Vancouver, presumably Montreal, and other parts of the country in which it wishes to set up branches. Therefore when one talks about the degree of competition in the banking field in Canada, I think he is talking about something which does not exist, because there is no such animal.

If there is the desire to inject some competition, some factor relating thereto, or to restrict or control the monopoly or oligopoly positions of chartered banks in Canada, then I submit that the way to do it is through the Bank Act or through the Combines Investigation Act. The Combines Investigation Act is a law of Canada which prohibits price fixing, mergers and monopolies which have a bad influence on the economy of the nation. However, banks are excluded from the provisions of the Combines Investigation Act. Banks can merge. They can fix prices and do all the things, for instance, that the oil industry cannot do. They can do all of these criminal acts—criminal for other companies—and are completely exempted from prosecution under the Combines Investigation Act for criminal activity.

• (5:30 p.m.)

If there is the desire to bring some degree of competition to bear on the banking industry, which is the principal base of the Combines Investigation Act, then I submit that my hon. friend's government should have spent their time in the last couple of years in bringing about suggested changes to the Combines Investigation Act so that this very competition could be brought about. But they have sought to ignore that approach. Whether or not the Minister of Finance will introduce any amendments to the Bank Act, which in effect will incorporate provisions similar to those contained within the Combines Investigation Act, remains to be seen. The way is open for the Government to deal with monopolies and closely tied control, such as exists in the banking industry in Canada. They can do so by creating the so-called forces of competition in this field by way of amendment to the Bank Act. I doubt very much whether the Minister of Finance (Mr. Gordon) will take advantage of this opportunity because he does not believe in doing things in that way. I do not believe this Government believes in doing things that way either.

To cite an example, several years ago Canadian Breweries was charged under the Combines Investigation Act with engaging in a merger or an operation detrimental to the best interests of Canada. That firm was prosecuted by the Minister of Justice, Mr. Davie Fulton, of the previous Government. Incidentally, Mr. Speaker, I understand that hon. Gentleman wishes to return to this place to carry on in the same manner as he did when he was here.

The case against Canadian Breweries under the Combines Investigation Act was lost by the prosecution. I understand that the case

was heard by Chief Justice McRuer of the Ontario Supreme Court. His judgment in effect stated that Canadian Breweries, and other breweries in Ontario, were governed so far as the price of beer was concerned by provincial laws and regulations, and therefore could not do any serious damage to the interests of the general public by reason of a merger.

It is my submission that banks are in a position that they can do as they wish in this field of operation, and operate a closely knit oligopoly to the disadvantage of the public, and solely in the interests of the banking institution. There is no competition in this field, and those who think there is or will be by increasing the number of chartered banks, are thinking in nonsensical ways or using clichés to make the situation sound reasonable.

It is not my suggestion that the hon. Member who is the sponsor of this Bill is not acting with sincerity. He speaks in glowing terms of the individuals connected with this proposed bank and uses phrases associated with free enterprise and competition to support this proposition. He probably believes in what he has said, but I suggest he is deluded in this regard, just as the Party to which he belongs is deluded.

An increase in the number of banking institutions in this country, such as the Laurentide Bank, the incorporation of which is being sought by this Bill, will not increase competition in this field of banking. Following the incorporation of such a bank I am sure it will make as much profit as possible, as quickly as possible, and become an associated brother in the Canadian Banking Association. Once that took place there would be no change whatever in the existing situation. One more bank would be in existence, with several branches, but there would be no increase in competition.

I think we must refer to what happened in this regard during the last Session of Parliament. During that Session proceedings were instituted in the Senate for the incorporation of the Laurentide Bank, the Bank of Western Canada and the Bank of British Columbia. What happened at that time should be referred to in order to make very clear what our position is in respect of these sought for incorporations. During the last Session the Senate put into operation whatever machinery it has to give its blessing to the Bank of Western Canada and the Laurentide Bank. It did not, however, give a similar blessing to the proposed Bank of British Columbia, but saw fit to reject that particular Bill on the grounds that it is not wise for provincial governments to invest money in privately chartered banks.

That principle was subsequently echoed by the Minister of Finance (Mr. Gordon), when Parliament reconvened following the Christmas recess, when he said that it was the policy of this Government to introduce legislation to revise the Bank Act. Presumably that legislation will be placed before us within a few months, and it will prohibit governments from investing money in banks chartered under the Bank Act, and prohibits provincial governments, which invest money in the share structure of such banks before the Bank Act is revised, from owning voting shares. Presumably that was the principle followed by the Senate when it rejected the Bill in respect of the British Columbia Bank.

A certain responsibility rests now on the promoters of the Bank of British Columbia which, so far as I am concerned, they must meet if they are still interested in promoting that Bank. I am not advancing any argument on their behalf, and it is their business to present a petition to Parliament in this regard, but it is my understanding that if they intend to do so they must do so by May 17, which is the deadline for the presentation of petitions for private bills.

With all due respect to the eloquent argument made by the sponsor of this Bill, I do not believe we should proceed with it before May 17, because at that time we will then know whether or not the promoters of the British Columbia Bank intend to discharge their responsibility by reintroducing such a petition, as has been done in respect of the Laurentide Bank and the Bank of Western Canada. It is my submission that we should consider these three propositions as a unit in so far as Parliament is concerned, and that we should delay consideration of the Bill now before us at least until we know whether the promoters of the Bank of British Columbia intend to ask for the incorporation of that institution. At that time we can proceed with all three petitions, or, if the promoters of that Bank decide not to seek incorporation, we can deal with the petitions in respect of the Laurentide Bank and the Bank of Western Canada on their individual merits.

It is my impression that the promoters of the Bank of British Columbia based their petition for incorporation on an expressed desire by the Government of the Province of

British Columbia to invest a certain amount of money in the share capital of such a bank. Any hope in this regard has been put aside, at least temporarily, by the declaration of the Minister of Finance to the effect that the promoters or sponsors of the Bank of British Columbia may find it necessary to revise the capital structure of their proposed bank.

• (5:40 p.m.)

This may be the reason for their delay in presenting a petition to Parliament for the incorporation of the Bank of British Columbia. But because it was the present Government that decided to change the rules and move the goal posts in the midst of the incorporation proceedings respecting three banks, I believe that Parliament should give the promoters of the Bank of British Columbia the benefit of the doubt and delay consideration of these bills until the 17th of May. If at that time there is a petition before Parliament for the incorporation of the Bank of British Columbia, we will be able to proceed to deal with it and with the charters now before us.

No petition may be made. Quite frankly, knowing Premier Bennett as I do, I doubt that he will want to proceed as he originally planned. He probably has some other trick up his sleeve, such as a reference to the Supreme Court of Canada. However, if by the 17th of May the promoters of the Bank of British Columbia have not presented a petition it is of no more concern to the Parliament of Canada and we will merely proceed at that time with the business at hand, the Bill to incorporate Laurentide Bank of Canada and the Bill to incorporate the Bank of Western Canada. It would be desirable then to accede to the appeal of the hon. Member for Vancouver-Burrard (Mr. Basford), take the Bills at face value, examine their relationships to the banking institutions of Canada and the value they might have to Western Canada and generally deal with them on their merits. It is only a matter of a couple of weeks, however, and I submit it would be appropriate for Parliament to give the Bank of British Columbia the benefit of the doubt and hope they will accept their responsibility and meet the deadline. I see you rising, Mr. Speaker, so I assume my deadline has been reached.

Mr. Deputy Speaker: The hon. Member's time has expired, unless he has unanimous consent of the House to continue. Does the hon. Member wish to pursue his remarks beyond his time? Has the hon. Member unanimous consent of the House to continue?

Some hon. Members: Agreed.

Mr. Howard: I was not really pressing the point, Mr. Speaker.

Mr. Gelber: May I ask a question? The hon. Member has expressed his dissatisfaction with the House incorporating banks. I think a lot of Members would sympathize with him, but I wonder if he has considered the alternative? If the House did not grant bank charters, would he have the Government do so? The Minister would have to sign the charter. Is that the alternative he advocates?

Mr. Howard: I had not proceeded to deal with alternatives. Let me say again that I am not familiar with the processes under the Bank Act. Quite frankly, I really do not know the exact procedure. If we pass this Bill, will the House be granting the charter or does this come about in some other way, or just what is the procedure? However, let us say that X steel company wants to become incorporated under the Companies Act. There are procedures set out by which it may go about doing this. I do not know what they are. I presume this is what corporation lawyers are for. If someone wants to bring about an incorporation he goes to a lawyer and says to him that he wants to incorporate a company for the purpose of conducting a certain business, and asks him to straighten things out. The lawyer then goes ahead and does whatever is necessary, and the company becomes incorporated. So far as I am concerned, a similar arrangement could operate with respect to private chartered banks. If there is some deficiency in that thinking, perhaps the hon. Member might point it out to me. Maybe we should propose some other arrangement.

Mr. Gelber: Is the hon. Member prepared to vest that much authority in the Government?

Mr. Howard: Could I pose this question in reply? If my hon. friend wanted to incorporate a company to sell shoelaces, for argument's sake, how would he go about it? What would be the mechanics of getting the company incorporated? Who would give him his letters patent, or whatever they are? Perhaps he might explain that to me. I do not know whether the hon. gentleman is a lawyer, but if someone can explain that to me maybe we

can draw a parallel relationship with regard to how banks should go about becoming incorporated.

Mr. Bert Leboe (Cariboo): Mr. Speaker, in speaking to the bill before us may I say I am certainly in agreement with what the hon. Member for Skeena (Mr. Howard) said concerning competition in the banking business. The fact remains that in my opinion there is no real competition in the banking business. As the hon. Member pointed out, it is a matter of the personalities of the bank manager and the accountants with whom the individual deals. I think one receives basically the same service from any chartered bank.

Since we are talking about incorporating banks, there is one point I think should be brought to the attention of the House at this time. Here we have a company, ostensibly a finance company, that now wishes to go into the banking business. It is known that at those times when the country is faced with a tight money policy there are certain leaks in the case of finance companies. When a tight money policy is going to be introduced it affects the line of credit that a particular bank will give to an individual who wishes to borrow money, and prior to the tight money policy coming into effect we find the strange situation of finance companies upping their line of credit to a great degree. This puts them in the advantageous position of being able to service the customer with money that rightfully he should have been able to get from a bank in the first place at 6 per cent, but for which he now has to pay up to 24 per cent interest.

When a tight money policy has been in effect many a person has gone to a bank to borrow money only to be told that, while he has a wonderful financial statement and ordinarily the bank could lend him such and such a sum of money on the basis of that statement, his line of credit limits him to so many dollars because the bank is operating under a tight money policy. Because he has already made use of that much credit he is told by the bank that they are sorry there is no money available for him, but if he will go across the street to such and such finance company they will certainly look after him. The finance companies are able to do so because they have been tipped off ahead of time and have raised their line of credit to the point where they can borrow from the banking system the very money that the individual should have been entitled to borrow from the bank.

[Mr. Howard.]

This is only one phase of what we are up against so far as our banking institutions are concerned. There is the other matter of the direct creation of credit, which is an important feature. When we say that the banks are limited in what they can lend, this is not exactly so. Actually they are not limited, because by the purchase of Government bonds and other gilt-edged securities they can then use these securities to establish credit with the Bank of Canada and, having acquired credit with the Bank of Canada, can legally multiply their loans twelve and a half times, and under suasion generally about six times.

• (5:50 p.m.)

This, of course, means there is a tremendous advantage to banks. You all have had the experience of going into a bank and some bank clerk has said to you, "We are on a tight money policy; we are borrowing our money at 6 per cent and we are lending it to you at 6 per cent. How do you expect us to exist?". This just is not so. For every dollar the bank would borrow from the Central Bank, it is able to lend out at least six times that amount, under what we call suasion, or up to 12 times under what we have set as the legal limit. The fact remains that the ratio was set from between 8 per cent and 12 per cent, but the Bank of Canada has never enforced the 12 per cent equity provision so far as deposit liabilities are concerned from the chartered banks.

We say, therefore, there is a lot more to the functions of banking than just going in and making deposits and then writing out cheques. We believe that the time has come when the banking institutions of this country should be given a much broader base upon which they can provide industrial capital. We believe that in Canada we have one of the best banking systems in the world today. There are certain limitations, and there are certain functions of the banks that we believe should be corrected. We believe also that the Central Bank should take its place, along with the present banking system, to round out the total amount of banking facilities that are absolutely necessary to equate the purchasing power of the nation with its productive capacity. Until this is done all the noise about the war on poverty will be just so many idle words. In my view we must come to the point where we recognize that we have to finance production and consumption in this country. The financing of production will be done through the industrial sector or the private sector and the financing, to a certain point,

of consumption that is necessary will have to be done through the public sector; in other words the Bank of Canada and the Government of the day. There is a way in which industrial expansion takes place without the banking institutions of this country. The people who are interested in the development of natural resources go outside of the country to get banking services. The banks of the United States, Belgium and France can monetize a prospectus which the banking institutions of this country, by law, cannot do.

I can give you an example. I come from a timber country. If some individual had a licence to cut timber and there was a good potential market for the material he would produce, a bank outside of Canada can monetize that prospectus, take security on the assets as they develop. In Canada today this is not possible under our banking system. The banks, themselves, cannot give that type of service. What do we find? We find a good many of our industries becoming controlled by people outside of Canada because of the lack of facilities in Canada.

Before I take my seat, Mr. Speaker, I want to make it abundantly clear that I am in accord so far as the proposed adoption of this Bill on second reading is concerned. However, I should like to see this Bill complete its passage through second reading of the House, and that we give the same recognition to the Bank of British Columbia, a Bill for the establishment of which I expect a bill will be introduced before long. I hope that application will receive exactly the same treatment. I do not believe for one moment that the Minister of Finance (Mr. Gordon) can give us any real ground for saying that control of 10 per cent of the shares of any bank gives control of that bank. Some time, perhaps during the Budget debate, I should like him to answer that question. I do not believe he can prove in any way, shape or form that this is a fact. We feel that, in principle, we can use more banking services. We do not believe this is going to make money any cheaper, but we do believe that there is room for more banking services in the country.

I believe it is six o'clock, and perhaps you would call it six o'clock, Mr. Speaker.

Mr. Deputy Speaker: Is it the desire of the House that I call it six o'clock?

Some hon. Members: No.

Mr. Leboe: I am glad we are going to finish this hour off because, according to one clock it is six o'clock, and according to another it is one minute to six. If I divide that in half and talk about the clock for half a minute, then I will not have to get into any new subject so far as the banking business is concerned.

Mr. Knowles: This minute has 60 seconds.

Mr. Leboe: This minute has 60 seconds and this hour has seven days. I see an hon. Member has a question.

Mr. Basford: Is the example the hon. Member has just given an example of Social Credit time keeping?

Mr. Leboe: I do not believe we were ever known for certain policies of time keeping at all, but we do keep time.

Mr. Deputy Speaker: Order; the time assigned to the consideration of private Members' business has now expired.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty, pursuant to Provisional Standing Order 39A to inform the House that the questions to be raised at ten o'clock this day are as follows: the hon. Member for Winnipeg North Centre (Mr. Knowles) Air Canada—Winnipeg maintenance base; second, the hon. Member for Wellington South (Mr. Hales); defence production central agency for purchasing Government automobiles.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The house resumed consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the amendment thereto of Mr. Nowlan and the amendment to the amendment of Mr. Cameron (Nanaimo-Cowichan-The Islands).

Mr. Pennell: When the House went on to other business at five o'clock I was about to

turn to what might perhaps be considered the less controversial aspects of the budget. I do not propose to stand at any length between the hon. Member for Qu'Appelle (Mr. Hamilton) and the House, but perhaps I may be allowed to make a personal observation. It was with a great sense of personal satisfaction that I noticed the Minister of Finance had made provision for the introduction of a measure to prevent waste products polluting our streams and waters. I make bold to point out that in the course of my maiden speech in this house some three years ago I made a similar proposal, and it is pleasant to reflect that patience has its own reward and that my plea did not fall upon deaf ears. I am sure this proposal commands the universal support of hon. Members, because it seems to me it makes only common sense that, while we can, we should attempt to prevent the pollution of our streams and waters, one of our most precious assets, rather than attempt to cure pollution after it has taken place.

I wish to say a word or two about the proposal to continue the accelerated depreciation allowance. Once again I believe I am on solid ground when I say that the House generally will support this measure. In this age of rapid technological advance a manufacturer must think not only in terms of the original cost of a piece of machinery; he must also bear in mind the possibility that he may have to replace it within a year or so because, though it is still physically sound, it has become out of date. I agree with the hon. member for Digby-Annapolis-Kings (Mr. Nowlan) that we must make every endeavour to remain competitive. If industry goes along using out of date machinery it may well be doing so at the price of increasing the cost of production and decreased productivity. It seems to me only fair and proper that we should stand behind measures which are taken to speed up production and increase productivity.

Finally I should like to say a word about the war on poverty. Let me point out at once that the budget is only one weapon within the arsenal which must be deployed in this formidable task. Poverty cannot be measured only in terms of income. There is poverty of opportunity and poverty of education. I suggest that many of our older citizens are suffering from a poverty of opportunity. While many of them have the ability to work and to get ahead, they are the victims of poverty of opportunity.

Mr. Grafftey: A rich man's budget.

Some hon. Members: Oh, oh.

Mr. Pennell: When I consider the situation of those young people who are dropping out of our secondary schools, it seems to me this represents a failure on the part of our educational system and that these young people will soon suffer as a result of the poverty of their education. The Minister of Finance told us frankly that we must concern ourselves with the training of our young people. Already this Government has devoted approximately $100 million annually to assisting the technical and vocational training program. In addition, youth allowances will cost approximately $46,500,000 during the coming year. We are now awaiting the report of a committee which is inquiring into university finances and I am confident this Government will take action in the wake of that report.

Mr. Grafftey: What about the 10,000 scholarships?

Mr. Pennell: Though there is a year of solid achievement behind this budget, no budget of itself can long sustain vigorous and healthy economic progress. That depends on the response we get from all our people from industry, from labour, from management and from the farmers. I recognize, though, that the primary responsibility rests with the Government. I suppose no hon. Member, least of all myself, or no Minister in this House, would claim he has a monopoly of knowledge on economic and fiscal matters, but I humbly suggest that the present Budget will meet the purpose for which it is created, that is, to sustain a healthy rate of economic growth.

Mr. Cameron (Nanaimo-Cowichan-The Islands): Would the hon. Member permit a question? I understand that this afternoon when I was not in the chamber he made an estimate of the cost of implementing the amendment which I presented to the House. I am wondering whether he read the amendment, because it appears to me that his estimate was based on a misapprehension of what the amendment says.

Mr. Pennell: I read the amendment, Mr. Speaker, and my remarks will have to speak for themselves.

Hon. Alvin Hamilton (Qu'Appelle): I am very pleased that the Parliamentary Secretary should have chosen to say something about the difficulty attached to use by Governments of the monetary structure we have built into

the framework of our over-all management of the people's affairs. I am glad he raised this point, because the first subject I intend to deal with tonight is this question of inflationary dangers.

Before I proceed to do so, perhaps I may list the other three subjects on which I intend to speak, so as to give an idea of the scope of my remarks. The second subject I propose to deal with is the failure of the Government to give real support to the National Economic Council. My third point concerns the absence from the budget of either long term or short term objectives. The fourth is the Government's failure to support trade expansion in a real way.

• (8:10 p.m.)

The first of these subjects, the danger of inflation, is related to the other three, and to indicate the background I should like to describe briefly the main features of what has been happening in the last ten years. As everyone knows, there has been a great debate as to the place of the Central Bank in Canada, in relationship to the elected representatives of the people. In the history of this debate, as I see it, I would like to put one or two of the events into perspective. In 1957 and 1960 Canada faced two recessions. These were met, as far as we could meet them, by heavy fiscal expenditures on public works, increased credit for housing, for farmers, for small businessmen—yes, and exports. As I said, these were part of the powers that we had on the fiscal side.

On the monetary side though, as the Porter Royal Commission makes brutally clear, the course of action from 1958 to 1961 tended to be restrictive. If anyone wants to examine the charts and the various reports of the Bank of Canada he will see that the same form of restrictive action was applied against the Government in the years before we took office in 1957. We got it in 1958, 1959 and 1960. Now that the report has made it very clear that the Governor of the Bank of Canada must always bring his policies into conformity with the elected representatives, I think things have moved much more smoothly. This, Mr. Speaker, raises the main issue about which I wish to speak.

During the four years 1959 to 1962 inclusive, facing unemployment and unused capacity in all segments of industry, the fiscal expansion policies of our Government when in power were kept in check by monetary policies, which I think the following figures make clear. As I read these figures, Mr. Speaker, I can collect two or three different columns of figures using different indicators, indicating the various amounts of money and other things that you can call part of the over-all money supply; but just let me give these figures as indicators. In 1956 the total, at the end of the year, of currency and chartered bank deposits was $11 billion; in 1960 it climbed to $13.9 billion. There was a static three-year period, 1958, 1959 and 1960; but last year, in 1964, at the end of the year it had climbed to over $18 billion.

What do these figures indicate? They indicate that in the last two years there has been a much freer use of the money supply to keep the economy moving forward and expanding. I am not quarrelling with that freer use, having been one of those who fought so hard to make it free and to tie it up to the needs of the economy rather than against the needs of the economy. I know how those in charge of this policy were terrified by the inflation after the Second World War; they were terrified of inflation during the Korean War, and they certainly were confused by the great influx of money that came into this country from 1953 to 1956. These fears which they had made them so conscious of inflation that when we were actually facing the opposite of inflation they imposed, in effect, tight money not only on us but on the previous Government at a time when both governments needed help.

I think that matter has been cleared up by the Porter Royal Commission, and I expect, from looking at the figures I have just quoted, that the present Minister of Finance has had no such trouble as we experienced. The point I want to make, Mr. Speaker, is that during the period we were in office, because of the braking effect of this unused plant capacity, because of the braking effect of the potential productivity in the primary sector, because of the braking effect of the unemployed or the oversupply of employable people, the cost of living, using round figures, increased only by an average of 1 per cent a year during the four years under discussion.

When we got free of these monetary restrictions, particularly with the devaluation of the dollar, these expansion programs yielded big returns. Incidentally, all these charts and indicators go back to February, 1961, even though the devaluation of the dollar did not start until the budget of that summer; all these indicators that still go upwards started

in the year 1961, and ever since that time we have had an expanding economy. There was hardly a thing mentioned by the Minister of Finance the other night that has had any effect on our economy since that time, and when he mentions loans to university students, that is a perfect example of the type of thing he gave as having helped the upward movement. These loans have been in effect for over a year, and everyone knows this has not changed the economy upwards at all; it has not at any time had any impact upon the economy. But in spite of all the other things the Minister has done, he has not been able to check the advance that we started in 1961.

Mr. Sharp: Mr. Speaker—

Mr. Hamilton: I do not take all the credit for our Government, Mr. Speaker, but in the last year we have had—

Mr. Sharp: —could I ask the hon. Gentleman a question?

Mr. Hamilton: Go ahead.

Mr. Sharp: I would ask the hon. Gentleman whether he is suggesting that the Government of which he was a Member did not have power over monetary policy.

Mr. Hamilton: As I said in my opening sentence, Mr. Speaker, this is a debate that has been going on for ten years. If the Minister wants to read the record of this debate, it is present in every bank report and the debates of this House for the last ten years. I am simply putting the record in perspective. I want the Minister to listen, because what I have to say to him at the end of my speech will be worth listening to. I did not want to take all the credit for our Government, Mr. Speaker, any more than the Minister of Finance has the right to take any great credit for his Government.

I do want to point out, however, that we have to admit that last year we had an assist from outside Canada in the form of a reduction of taxes in the United States, and since so much of our economy is tied into their economy, their upward boost has helped us a bit.

Now the situation has changed. In almost every industry the capacity of the plant is almost completely utilized. I say this, in spite of the very rosy conclusion in the White Paper, on page (XI) of the Economic Review of 1964. I quote from that page of the Economic Review:

[Mr. Hamilton.]

> Productive capacities in general appear to be adequate to meet the probable demands. There may be some supply difficulties in specific localities and industries, which a high degree of mobility of both labour and capital would help to relieve.

Then going on a bit:

> In these circumstances of productivity improvement and high labour force growth, the increases in output required to meet the demands outlined above are clearly within the growing capacity of the economy.

This is the view of the White Paper; it is not the view of many men engaged in industry in Canada. I am not going to quote the individual companies, because they will be making their views known, I am sure. But there is one writer, who has already been quoted in this debate, Mr. John Meyer of the Montreal *Gazette*, who had this to say on April 27, 1965:

> The weakness in Mr. Gordon's approach is his assumption that an economy already functioning at close to capacity can be further stimulated by a tax reduction without the risk of overheating it.

Then later on:

> What is significant is that the factories and mills, in spite of their continually expanded facilities, are running at capacity.

• (8:20 p.m.)

I would like to place special emphasis in a general way on two or three of these industries. Of greatest significance at the moment is the steel industry. In eight years production has climbed from approximately 4 million tons a year to toward 10 million tons. The industry now faces an immediate building program of approximately $1 billion, and more probably a $10 billion expansion in the long run. Likewise, the pulp and paper industry, one of our leading dollar earners, is engaged in a billion dollar expansion of facilities at the present time. Much more has to be done in increasing production and improving the facilities of moving the raw material to the mills. The petrochemical industries are just coming into a period of tremendous expansion to meet world demand. The same indications for needs of capital expansion are evident in almost all sectors of our private economy. To add to the difficulties, the Canada Pension Plan will withdraw some $400 million a year from the available capital. Also the Government shows no indication of checking the increase of expenditure in the public sector. On the contrary their public timidity is so great that no request is refused or postponed.

Therefore I suggest, Mr. Speaker, that the country now faces a serious threat of inflation. Last year the money supply was increased by $1.5 billion, which is over twice

the average rate the previous government was allowed to expand when faced with unemployment and a slowdown in the economy inherited in 1957. The cost of living is now climbing by close to 2 per cent a year and everyone knows what that does to those of low income. More serious than that is the fact that there is no unused plant capacity now to take up the increased consumer demand that there was when we were trying to free the money supply. In respect to that I could quote several authorities from individual businesses.

Now, Mr. Speaker, this budget adds another inflationary force by trying to increase consumer spending. Second, there is a shortage of skilled labour in almost every line of activity, and this produces a cost-push inflation. It is no use telling us that we have 3½ per cent of the labour force unemployed. What causes a cost-push inflation is when individual industries, which can be named one after another in the City of Toronto, cannot get enough skilled help to man their factories. In the search for skilled labour you get a pushing upwards of costs, which must eventually go on to the consumer. That is the difference now, compared with what was the case just five years ago.

Third, there is a tremendous need for new capital for plant expansion in the manufacturing industries. The business world is aware of these dangers; the economists are aware of them. Why is the Government not aware of them?

Another point I should like to make tonight is the failure of this budget to support the National Economic Council. In 1962 we proposed that we set up a National Economic Council. The present Government had the honour to carry the legislation into the House and get it through. Their annual review has been published. There is nothing more serious in this budget, Mr. Speaker, than the failure of the Government in departing from the emphasized suggestions of the Economic Council. I should just like to quote a few of the statements from the chapter on implications for policy. First of all, talking about trade agreements, they say:

> This conclusion reinforces our conviction that we need a strong and concerted national effort to promote the highest possible gains in productivity and in industrial efficiency—

There is nothing in the Budget to remove the 11 per cent tax, which is a heavy burden on industrial efficiency if we are to move out in competition with the world, not only with the industrial nations but with the lower cost producing nations.

The second direction of this policy is stated thus:

> In addition, we need a commercial policy directed at securing a substantial improvement in access to foreign markets, coupled with a vigorous program of export promotion, to facilitate the attainment of the required growth of competitive exports.

Where do you find, Mr. Speaker, in the Budget any move to carry out this recommended implication for policy?

Third, again dealing with trade:

> New business policies and methods may be needed, as well as a willingness to incur additional risks. Moreover, the need for large increases in exports will be accentuated rather than modified with a more rapid growth of domestic income and demand, and it is crucially important if high employment and dynamic economic growth are to be achieved, that Canadian manufacturing industry should become increasingly export-oriented.

Mr. Sharp: Hear, hear.

Mr. Hamilton: The Minister of Trade and Commerce (Mr. Sharp) says "hear, hear". I will ask him to listen to this part of my remarks—

Mr. Sharp: I am.

Mr. Hamilton: —because tonight I want to point out that the Minister of Trade and Commerce is no longer riding high in the Cabinet. He has been downgraded, and the man who has gone to the top is one who believes in another philosophy, the Minister of Finance. The interesting thing about the last two years, after the fiasco of the 1963 budget when we saw the Minister of Finance go into eclipse, with all the forces of the business world turned against him, is this: The Government only talks of export drives and measures to help industry. The businessmen hear talk of how Walter has now come back to the leadership of the party in power, and the theme song is: Walter, Walter, lead me to the altar. But we know, Mr. Speaker, why the businessmen are worried. The Government thought they had put up this very bright fellow, the Minister of Trade and Commerce, who was to guide the Cabinet. Now the influence has slid right into the hands of the Minister of Finance again, and this is why the businessmen are worried.

My main charge against the Government and its budget is that it has not paid any attention to the book on economic goals which has just been published. The Government has ignored it. As the hon. Member for Digby-

Annapolis-Kings (Mr. Nowlan) pointed out yesterday, the Minister has failed to eliminate the tax on production machinery, which would be a major step to increase efficiency. As the same hon. Member said yesterday, the Government has ignored the most pressing problem there is today in Canada—education. He suggested that if they took this $265 million reduction in personal income tax, which does very little for the fellow who saves 3 cents a day, and which does very little for the man making $20,000 a year who saves $600 a year or $50 a month, and used it to cut out the tax on production machinery, then the man saving 3 cents a day would see more jobs available and the man saving $600 a year could even see an extended future. I put it to you, Mr. Speaker, that even though the Government will not remove this 11 per cent tax to save the pride and face of the Minister of Finance, perhaps they will consider throwing this $265 million into education. Not just $1 per capita or something, but throw in the whole works, and do the same next year if the money is available. Education is where the survival of this nation lies. The time for worshipping old myths is past; the time to face new realities is here, and modern education is one reality to be faced.

I mention myths and realities simply to point out that the only trouble with the Minister of Finance, who is a very sincere man, is that he has been brought up on myths which are 60 years out of date. This is what frightens the businessmen. They have now come into the twentieth century and they realize that our policies of expansion are what they wanted. When the Minister brought in his budget in 1963, he carried out exactly what he said he would carry out in his book, at the Kingston Conference and in the Gordon Royal Commission. Before 1963 no one bothered to read the book. But now the businessmen have read "Mein Kampf", they are worried.

Third, trade. Once again may I welcome the Minister of Trade and Commerce to the debate, because it is very clear that the budget speech is not an election speech. You could not get elected to a doghouse with this budget speech. It is certainly not a big factor in the economic policy of the Government. It is certainly not a trade expansion budget. In this respect it ignores completely the suggested policy line of the Economic Council.

• (8:30 p.m.)

On October 8 last I put forward in this House six proposals on new techniques for increasing trade. The Minister of Trade and Commerce (Mr. Sharp) listened to them, but apparently he has little influence over the Minister of Finance (Mr. Gordon), who apparently is now restored to popular favour in the Liberal Government. I will again list those six proposals: first, international commodity agreements for products of newly developing nations; second, private international trading companies; third, selling agencies; fourth, purchasing agencies; fifth, an international bank for short term credits; and sixth, growth rate exchanges.

These proposals I have just listed are for consideration. I happen to believe in them, but I admit that they are long-term proposals. They are based on the fact that many of the newly developing nations are state trading nations. They are based on the opinion that to give maximum economic independence from the vertical pull to the south, we have to reach more and more in a horizontal direction to find new and additional markets, not just the United States and European markets. If any of these policies have merit, they were certainly overlooked in the budget speech.

Mr. Speaker, my time is rapidly running out, but I should now like to refer to the subject of business planning. Looking at the budget from a businessman's point of view is completely different from the point of view of the Government policy maker. The policy maker tends to look at long-term projects, whereas the business planner tends to plan ahead for two or three years. This budget lacks any pronouncement on long-term policies to give guidance to either businessmen or Government policy makers. It lacks short-term policies that would help the businessman plan his programs.

In view of the fact the Minister is tied to his own thinking, as indicated in the Royal Commission report of 1957, his remarks at the Kingston Conference of 1960, his book "Troubled Canada", published in 1960, and the budget of 1963, perhaps it would be propitious for me again to offer a few suggestions. I make these suggestions for the purpose of helping business planners know which way the Government wants them to go. I accept the premise that the expansion we all want will be accomplished primarily by private business, and I work on the assumption that the Government should set the climate and provide the objectives. These suggestions aim to achieve just that.

First, we need a sharp increase in the ceiling to which the 20 per cent income tax rate

for corporations applies, to a new level of approximately $100,000, in order to encourage expansion of family firms. If over-all corporate tax rates could be reduced, so much the better.

Second, we need excess write-offs of expenses incurred in promoting export sales in new markets for a three to four year period, or even longer.

Third, we need special tax treatment for export associations, even to the creation of a special legal entity for such associations. You will remember, Mr. Speaker, that we amended the Combines Investigation Act in 1959 to allow companies to combine for several purposes, one of which was related to exports. Now give them special tax treatment.

Fourth, we need special tax treatment for firms producing products which are subject to reduction in tariffs, once again for a three to five, or even ten-year adjustment period.

Fifth, we need a special liaison export committee, or an organization made up of the Departments of Trade and Commerce, Labour, Industry and Finance to operate on a continuing basis, with a permanent organization. This committee should be concerned with at least 14 different subjects, and I could list a dozen or more if I had the time. This liaison export committee, or organization, of these Departments should be concerned with the following: (1) assisting Canadian firms to get into the export business; (2) evaluating areas of specialization for Canadian business and recommending taxation incentives; (3) active encouragement for the formation of export associations where manufacturers are numerous and small; (4) promotion of training for Canadian business people in respect of export markets, such as travelling seminars; (5) coordination of all Canadian Government production and export activity with the plans of the Economic Council, and this would leave the Council politically free, but not unheeded, as it now seems to be; (6) a widening of the provisions of anti-combine and other legislation which tends to prevent mergers for exports; (7) improvement in trade where state controlled boards are concerned; (8) an increase in Canadian productivity—and there is still need for improvement in this field—; (9) the promotion of co-operation between Government and Canadian Export Associations; (10) the creation of new and improved export financing facilities; (11) the development of proposals for North American free trade in various products, when comparative advantage gives us a chance for accelerated growth; (12) the development of proposals for market development in respect of Canadian goods in underdeveloped areas, particularly related to foreign aid programs; (13) a reduction in the duplication of Federal and Provincial efforts in respect of trade promotion, and the co-ordination of all Canadian effort; and, finally, (14) we need promotion in respect of research of production and selling methods, and the dissemination of information.

Mr. Speaker, the House has been very cooperative in listening to me while listing these proposals. I made similar proposals last October and I hope that the Government will consider them. I have no wish just to criticize the Minister of Finance because he has not done everything that everyone desires, but I do think in respect of this matter of trade we should begin to bring forcibly to his attention the fact that Canada must, of necessity, concentrate on trade, regardless of how fast we expand our domestic markets, because we cannot keep up with potential primary and secondary production. We must find markets in the U.S.A. and in Europe, even though they produce the same products. We must move in a horizontal direction and get into these new markets where there is a great demand for our products. We must not only stick together politically on the North American continent, but in an economic way.

I do not know how I can create a word picture which everyone will understand, and I am sure that no one could do so, but let me suggest that sometimes I think we are much like Siamese twins: We cannot cut the knot which links us. But that does not mean we must lose our individualities. We must learn to walk and shift together, while preserving our own identities.

Mr. Deputy Speaker: Order, please. The hon. Member's time has expired. Does he have the unanimous consent of the House to continue?

Some hon. Members: Agreed.

• (8:40 p.m.)

Mr. Hamilton: Thank you. I have just two more sentences. I have seen the honeymoon of Hyannis Port of just two years ago descend into what has been called the bearpit of Berchtesgaden. I have seen three weeks ago a Speech from the Throne which calls for a war on poverty. Yet three days ago we get a budget which has changed the war on poverty as the main item in the Government's plans, very quickly indeed, into a war on the poor.

Question of Privilege

Mr. Deputy Speaker: The hon. Member for Hull.

Mr. Knowles: Mr. Speaker, I rise on a question of privilege. My question of privilege relates to the order of speakers in this debate on the budget. I understand Your Honour has a list from which you are working today. I must say to you that the list you have is one that has not been agreed to by all the whips representing the various parties in the House. I must therefore protest against a change which is being made in the order of speakers.

Earlier this session in the debate on the address, and likewise last session in the debate on the address and the debate on the budget, the agreement was, after we got through the first round of speakers, that there would be a block of nine speakers, three from the Liberal Party, three from the Progressive Conservative Party, and one each from the New Democratic Party, the Social Credit Party and the Ralliement Creditistes. Whether or not that pattern was satisfactory, it is the one that was agreed to and under which we have been operating.

Today, Mr. Speaker, an attempt has been made to change that pattern without the agreement of those concerned and, indeed, without consultation. I feel Your Honour should be advised that the list you have was not agreed to by three of the whips in this House, and until there is consultation and agreement to change the pattern we have had I believe you should continue recognizing Members in accordance with the pattern we have followed in the previous debates. I put this to you as a point of privilege for Your Honour's decision. If necessary, of course, I could move the appropriate motion, but it seems to me that in all fairness the plan we have been working under should not be changed without appropriate consultation.

Mr. McIlraith: On the question of privilege, Mr. Speaker, to begin with I do not think it is a question of privilege because, as I understand the situation, it is the duty of the Speaker to see whatever Member he wishes to hear, and the only point raised by the hon. Member for Winnipeg North Centre was that you should not see the Member you had recognized. So it is not a matter of privilege. It is something that falls clearly within Your Honour's responsibility and jurisdiction.

As to the subject matter that the hon. Member raised, may I say I am not aware, except from his repeated assertions, that there is any such agreement, and if there is any such agreement it seems to me it is manifestly unfair. I point out that the group he represents has 18 Members and if he will do a little arithmetic he will find that, if all Members are to be granted an equal hearing, a Member of his party would have the opportunity to speak every fifteenth speech.

Mr. Knowles: That is not mathematically correct.

Mr. McIlraith: Well, every fourteenth speech. All I say in that regard is that all one has to do is divide 18 into 264, so I will let hon. Members do the arithmetic and make up their own minds whether or not what he suggests is fair. In any event, my arithmetic indicates to me that that would be the result.

So far in this debate we have had two Government speakers, two speakers from the Official Opposition and one from each of the other three groups. Now the hon. Member is asking that his group be given a second speaker, with the result that in two days of debate his group would have exactly the same debating right as the Government from the point of view of number of speakers. I do not know how far I need to develop the argument. The hon. Member's request seems to me to be patently unfair.

With regard to the point the hon. Member made about moving a motion, if he decides to put a motion we will have to vote on it and deal with it as I would hope it would be dealt with. With regard to his other proposition about consultation, may I say I will not be here tomorrow but if he feels some other arrangement should be made with regard to speaking I will be glad to call a meeting of the House Leaders on Monday morning.

Mr. Knowles: Would the President of the Privy Council permit a question on that point?

Mr. McIlraith: Yes.

Mr. Knowles: Does he not feel it would have been better to have had a meeting of the House Leaders to discuss changing the pattern, rather than presenting it to us as a *fait accompli*?

Mr. McIlraith: I do not admit there is a change of pattern. I found out for the first time at the end of the debate on the Speech from the Throne that there seemed to me to be a most unfair distribution of the right to speak. I inquired about the matter. I asked my colleague, the Minister of Trans-

port, just a matter of minutes ago if he had made any such commitment or agreement or arrangement, or what have you, when he was House Leader and my understanding is that he did not.

Mr. Fairweather: Mr. Speaker, I think the House should welcome this new breakthrough and should welcome the *fait accompli* on the part of the Government. We have had so few. It seems to me that the hon. Member for Winnipeg North Centre is the great guardian of the rules and customs of the House if it happens to suit his convenience. The order of speakers today and the ratio suggested by the Government House Leader reflects what the people of Canada, for good or bad, have done to Parliament, and I presume this can be changed at the next election.

Mr. Knowles: Hear, hear.

Mr. Fairweather: Whistle all you like, my friend, but don't whistle here: I am not a mathematician but I have taken the trouble to calculate, and for the second time in this short speech may I say that the ratio suggested by the Government is fair. If we consider ratios as between the New Democratic Party, if I am allowed to name parties in the House, and the Government, the Governmen has given up a speaker to whatever is to the left of the New Democratic Party, from the point of view of seating, but to the far right in every other way. I think we should press on with this *fait accompli*. I for one welcome it.

Mr. Patterson: Mr. Speaker, it would seem to me that the hon. Member for Winnipeg North Centre has raised a legitimate question of privilege. The President of the Privy Council states that he does not have any knowledge of any understanding regarding the particular formula that has been in operation. I think he has been around here long enough to know just what has been going on. I do not think he has been keeping his eyes closed altogether. We have been working under this particular formula for some time now. At this moment we are not going to raise the question of whether or not the particular formula we have had is fair. In fact, personally I would go to the extent of saying it may not be fair. Nevertheless, I believe it would have been much better if the President of the Privy Council had taken the other parties into his confidence. He has not been doing that too well recently, but I suggest he ought to take us into his confidence and discuss the matter and perhaps we can arrive at a satisfactory formula. In a situation where co-operation is absolutely essential to get the business of the House done, I think it is highly unfair that any change should be forced upon us in this way without consultation with the other parties.

• (8:50 p.m.)

[*Translation*]

Mr. Grégoire: On the question of privilege, Mr. Speaker.

The order of speakers is established by the various party whips or by the Speaker himself. If the whips are entrusted with that task, nothing has been done in that connection in this case; there has been no agreement between the whips. Consequently, if the order of speakers is to be determined by the whips, no change can be made tonight, in my opinion, since the whips have taken no decision in that respect.

If the question is settled by the Chair, then you are the one who must attend to it, Mr. Speaker. In the past, you set a precedent which was respected long enough to be recognized now. For the past two sessions, the order of speakers has always been the same in the house, during the debate on the Address in reply to the speech from the throne, during the budget debate or during discussion on a motion or resolution. Out of nine speakers, there were three Liberals, one Conservative, one member of the New Democratic party, one Thompsonnist and one member of the Ralliement Creditiste. If the decision is for the Speaker to take, then we are surprised to see you go against the precedent you have been following for years and take another attitude now.

What must we conclude from all that?

We note that the Conservatives and the Liberals get along like brothers, in this case, to try and diminish the contribution of the third parties to the work of the House of Commons. This constitutes an abnormal breach of the right of speech and of democracy.

On the other hand, Mr. Speaker, ever since I began to sit in this house, I always thought that the most important job of the Speaker was to protect the rights of the opposition. Now, the third parties in this house are the opposition. Even if we are a minority, even if the Liberal and the Conservative parties get together, the role of the Speaker is still one of protecting the opposition, including minority splinter parties.

The Liberal and Conservative parties may well vote with the majority, but I refuse to accept that the majority as such is always right. Majority does not necessarily mean righteousness and equity.

I think splinter parties, particularly under such circumstances, have to rely on the protection of the Speaker so that their right of speech may be fully recognized as it has always been in the past.

Let me say in conclusion that I am surprised by the stand taken by the leader of the government on this occasion. He is always asking for our co-operation, he is always seeking the co-operation of the opposition parties, yet today, when we have to settle a matter such as this, he starts by placing the matter before the house and then states that he will call a meeting of the house leaders. This is no way of co-operating. On the contrary, this is bound to indispose members of the opposition and it seems that the government house leader is now quite wrong and not playing the part he should as house leader, that is to organize peacefully the business of the house. He seems to be trying to provoke the opposition rather than obtain the co-operation of everybody. If the government house leader is trying to deprive us of our right of speech, I can assure him that we will find more occasions than he thinks to exercise that right in this house.

Mr. Speaker, the government house leader is suggesting that a meeting be held next Monday. We are willing to accept this proposal, but on condition that, until then, we follow the same order of speakers as in the past. Until then, we cannot accept that the order of speakers be changed and the meeting held afterwards.

If the government house leader is sincere, he will accept that, until next Monday, when the house leaders will meet again, we continue to follow the order previously established. That meeting will provide an opportunity for discussion. But there is no reason at all for making any change before the meeting takes place, because that would be acting in bad faith and a violation of the parliamentary and democratic rights of members of the smaller parties, who were elected to this house with a heavy percentage of the popular vote.

Mr. Caron: On the question of privilege, Mr. Speaker, it seems to me that an hon. member is only entitled to speak once on such a matter.

I maintain that the hon. member who has just been complaining about the right to speak in the house is precisely the one who speaks most often.

[Mr. Grégoire.]

Mr. Grégoire: It is because I have something to say.

Mr. Caron: Since he is always on his feet trying to prevent others from speaking, it would be in bad taste for him to claim the same right as others.

Mr. Perron: Mr. Speaker, on the point of order—

Mr. Caron: I am speaking to the question of privilege.

Mr. Deputy Speaker: The hon. member has the floor on the question of privilege at this time. We might allow him to complete his remarks and then I shall gladly recognize the hon. member for Beauce.

Mr. Perron: It was on a point of order. I was wondering if the hon. member was speaking on a question of privilege or was just hurling charges at the hon. member for Lapointe.

Mr. Caron: As stated by the leader of the house, Mr. Speaker, I think that if we proceeded according to numbers, six members would speak on this side, five on the other and the hon. member's party would have only one speaker. I say that would be the logical way to proceed.

The first mistake was made by hon. Mr. Macdonald when he was Speaker of the house. But in our parliament there is only one party in office and one opposition. The first mistake was made by hon. Mr. Macdonald in recommending that the C.C.F. party be recognized as an opposition party. I say that we should let good sense prevail and proceed according to the number of members for the right to speak.

[*Text*]

Mr. Winkler: Rarely do I rise to support the hon. Member for Hull, but in this particular instance I do. In my position in this Party—

Mr. Grégoire: The Grits and Tories together; they are all the same.

Mr. Winkler: —I represent a number of seats in this House, and I feel that the greatest degree of discrimination that has been practised here since the change in Government in 1963 has been not only against the Members of the Conservative Party but—I hate to admit this—also against the Members of the Liberal Party. As a result of my own observations in this regard I have placed Notice of Motion No. 27 on the Order Paper.

In consideration of these facts, I am prepared to support the order of speakers which is presently being recognized by you, Sir, as Speaker of the House.

Mr. Thompson: I think the real issue that is involved here tonight is that what has been taking place is not something that has been imposed upon the Government or the Conservative Party as some dark plot. It has been the basis of an agreement. When the House Leader says he spoke to the former House Leader, the hon. Member for Bonavista-Twillingate (Mr. Pickersgill), who knew of no such basis of agreement, I believe the former House Leader is badly mistaken or his memory has failed him. Whether or not this was a written agreement, it has been the basis of operation, and I will say this to the hon. Member for Royal, that it was the basis agreed upon several years ago. I am not arguing whether the basis is right or not. I think probably there should be some adjustment.

However, it seems to me that for the sake of harmony, and in the name of fairness and justice at least, the House Leader could have spoken to the other House Leaders and suggested the change instead of bringing it in out of the blue the way he has. He needs cooperation in this House, and it seems to me he could have just a little thought about this matter and deal with it in a co-operative manner. I regret the way in which this argument has arisen, as if the minor parties have been somehow holding a club over the rest of the House, so that we could speak more often than we should.

Mr. Winkler: A pretty soft club.

Mr. Thompson: I think this is unfair, and I would suggest to the House Leader that he have a meeting with the other House Leaders and come to some kind of agreement.

• (9:00 p.m.)

Mr. McIlraith: I wonder if the hon. Member would permit me to make a word of explanation on one point he raised? I proposed calling a meeting of House Leaders the day before yesterday, but I was not able to do so because one of the House Leaders was absent all the forenoon of that day. I had intended to call one today, but I regret to say I was not feeling equal to it and, while I stayed in the building all day, Members may have noticed I was not in my place in the House. That is the reason a meeting was not called. I shall not be here tomorrow.

Mr. Thompson: Could not somebody else have called it?

Mr. McIlraith: In any event, I want to make that explanation.

[*Translation*]

Mr. Caouette: Mr. Speaker, we are now faced with the following paradox: the two old line political parties which vie with each other in telling us about the protection we should give minorities, are about to deny it to the minority parties in this house; and this is discrimination.

A while ago the hon. member for Hull (Mr. Caron) upbraided the hon. member for Lapointe (Mr. Grégoire) for always being on his feet. If the latter rises so often it is because he has something to say, while the member for Hull never has anything to say, and no one prevents him from rising for that matter.

We never objected to the hon. member for Hull speaking in this house; however, everytime he rises he puts his foot in it, and this is not the fault of the member for Lapointe or of the third parties.

Today, it does not seem logical to change the order of speakers in the house after having followed such an order for two years. Even though the Conservatives loudly applaud the decision of the President of the Privy Council, it does not mean that both are right.

I will therefore appeal to the President of the Privy Council. When there are important debates in the house he asks for our cooperation and tonight he is trying to deprive us of our right to speak under certain circumstances. Now, there will be other occasions when we shall have the right to speak and at that time the President of the Privy Council, the leader of the government, as well as government members can expect a fight and we will be ready and able to give a good account of ourselves.

The only thing we ask in terms of cooperation—and we are ready to co-operate —is that the order of speakers, as established two years ago, be respected.

It is said, I understand, that you are the one who recognizes or gives the floor to an hon. member, but there are practices, manners and customs which have been followed in the house for the past two years, and which are quietly being changed today without anyone being notified.

We strongly support the question of privilege raised by the hon. member for Winnipeg North Centre (Mr. Knowles) and we beg the President of the Privy Council, the

government leader to be a little more understanding; if changes are required, let him meet with the leaders of the various parties to discuss the matter and come to an agreement, but until then let us keep to the order of speakers established and followed in the house for the last two years.

[*Text*]

Mr. Pickersgill: May I be permitted to make a clarification in view of what the hon. Member for Red Deer (Mr. Thompson) has said. I was the Leader of the House during the first session of this Parliament, and at no time then did I concern myself in any way with the order of speakers. That was arranged, as I understood it, among the whips of the various parties—

Mr. Grégoire: Wait a minute.

Mr. Pickersgill: Would the hon. Gentleman mind allowing me to go on? I did not interrupt the hon. Gentleman and he might do me the same courtesy. I want to say it is altogether wrong to suggest I had anything whatever to do with these matters. They were arranged by the whips. But I have always understood that under our parliamentary system, though we have deviated from it for many years, it has been the custom to recognize that in the first round of these formal debates speakers should be chosen in turn from each of the parties or groups in this House, but that thereafter it was a debate between the Government and the Opposition.

Some hon. Members: Hear, hear.

Mr. Pickersgill: It does seem to me an incredible proposition to put forward that a Government is only entitled to put up one speaker against two from the other side of the House—that only one-third of the time is to be allotted to a defence of the policies of those who are entrusted for the time being by the electorate with the task of carrying on the Government.

Some hon. Members: Hear, hear.

Mr. Pickersgill: It does seem to me that a doctrine of that sort is a doctrine of modified anarchy, and it does not agree very well with the idea of there being two sides to the House and a flow of debate back and forth. While I had nothing to do with the incident which arose tonight, as far as I am concerned I do not think we can have any satisfactory debate unless there is play back and forth, and the Government has at least the right to be defended each time it is attacked and not be subject to two or three attacks before, by the grace of some small group, it is allowed to have a speaker.

[Mr. Caouette.]

Mr. Thompson: On that point, Mr. Speaker—

Mr. Deputy Speaker: Do I understand that the hon. Member for Red Deer (Mr. Thompson) has already taken part in this debate?

Mr. Webb: I can confirm what the hon. Member for Hull (Mr. Caron) said tonight. I think the hon. Member for Lapointe (Mr. Grégoire) is the last man who should rise in this House and say anything about discrimination as to speakers.

Mr. Deputy Speaker: Order. I suggest to the hon. Member, as perhaps I should have suggested to the hon. Member for Hull, that nothing can be gained in seeking a solution to this problem by trying to examine the contributions individual Members have made to past debates. I suggest to the hon. Member for Hastings-Frontenac that he limit his remarks to the question of privilege or to the point of order at issue.

Mr. Webb: The point tonight is one of discrimination, and if you will refer to *Hansard*, Mr. Speaker, I am sure you will find that no Member has taken up more time in the House of Commons and said less than the hon. Member for Lapointe. I think he should be the last Member to raise this point in the House.

Some hon. Members: Hear, hear.

Mr. Winkler: On this question of privilege, may I say that ever since I have been here, in these brief eight years I have always considered that the Members of the Opposition sat on your left, Mr. Speaker and that the Leader of the Opposition, in recognition of their role in the House, represented the Opposition as a whole, not five parties, or four, or three, or anything else.

An hon. Member: Groups.

Mr. Grégoire: I protest. I do not want to be represented by him.

On a question of privilege—

Mr. Deputy Speaker: Order. The hon. Member is raising a third question of privilege, but I should like to rule on the second, which was raised by the hon. Member for Grey-Bruce (Mr. Winkler) and say there is no question of privilege in what he has put forward. I would request the co-operation of hon. Members in allowing the Chair to express an

opinion and, probably, to make a ruling on the point originally raised by the hon. Member for Winnipeg North Centre (Mr. Knowles).

Mr. Grégoire: On a question of privilege. As to what the hon. Member for Grey-Bruce has just said, I have to protest because I do not want to be represented by the Leader of the Opposition.

Mr. Deputy Speaker: There is no question of privilege, there.

Mr. Leboe: I should like to clarify one point on this question of privilege. We are not arguing as to the fairness or lack of fairness of this principle. We are simply saying that if there were an opportunity for consultation there is no doubt but that the problem could be resolved without any difficulty. We believe there is discrimination in the set-up, as far as the major parties are concerned, but we simply say that with consultation it can be ironed out without all this squabbling.

Mr. Winkler: May I say that I agree with the Minister of Transport—

Mr. Deputy Speaker: There is no question of privilege. The hon. Member who had the floor was speaking to the question of privilege originally raised by the hon. Member for Winnipeg North Centre.

Mr. Martin (Timmins): I think I was one of the parties involved. I do not think I take up too much of the time of this House either on account of the number of speeches I make or their length.

• (9:10 p.m.)

With regard to the hon. Member for Hull (Mr. Caron), if they had wanted to change the agreement, or the practice we have had for the last two years, I would have been only too glad to co-operate. Have we suddenly become unapproachable, that we cannot discuss these things and settle them in a gentlemanly manner? What is this new co-operation or coalition between the Liberals and Conservatives?

Some hon. Members: Oh, oh.

Mr. Grégoire: The same old stuff.

Mr. Deputy Speaker: Order, please. It is the responsibility of the Chair to recognize one Member among two or three who stand at the same time. The task of the Chair in this respect is greatly simplified, of course, when there is a previous agreement among the Parties in the House. This situation prevailed during the last month or so, when there was agreement among the different Parties. In view of this agreement, suggestions have been made to the Chair as to the order which should be followed in calling upon Members to speak.

There was then a specific pattern to be followed. However, it is something to be agreed upon among the different Parties, and if, as in this instance, there is no agreement we are left, of course, with the Standing Orders. I refer hon. Members to Beauchesne, citation 121(2), which says:

> The succession of speakers is left entirely to the Speaker.

In this case the Speaker saw the hon. Member for Hull (Mr. Caron). The only remedy left is the provision of Standing Order 29, which gives the right to an hon. Member to make an indirect appeal by moving that another hon. Member be now heard. So there is a point of order, perhaps, to this extent, but certainly there is no question of privilege in what has been raised by the hon. Member for Winnipeg North Centre (Mr. Knowles).

Mr. Knowles: Mr. Speaker, in view of what you have just said, and under the provisions of Standing Order 29, I move, seconded by the hon. Member for Skeena (Mr. Howard):

> That the hon. Member for Timmins (Mr. Martin) be now heard.

Mr. Grafftey: Shame. Guardian of the rules.

Some hon. Members: Hear, hear.

Mr. Winkler: Undue force.

Mr. Smallwood: Why don't you join the Liberal Party?

Mr. Grégoire: Dictatorship.

The House divided on the motion (Mr. Knowles), which was negatived on the following division:

YEAS

Messrs:

Barnett	Leboe
Boutin	Lessard (Lake St. John)
Brewin	Marcoux
Cameron (Nanaimo-Cowichan-The Islands)	Martin (Timmins)
Caouette	Mather
Dionne	Olson
Fisher	Patterson
Gauthier	Perron
Grégoire	Peters
Herridge	Plourde
Howard	Prittie
Howe (Hamilton South)	Rondeau
Knowles	Saltsman
Laprise	Thompson
Latulippe	Webster
	Winch—31.

Division

NAYS

Messrs:

Addison
Aiken
Alkenbrack
Armstrong
Asselin (Notre Dame de Grâce)
Asselin (Richmond-Wolfe)
Badanai
Balcer
Basford
Béchard
Beer
Berger
Bigg
Blouin
Boulanger
Byrne
Cadieu (Meadow Lake)
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Cardin
Caron
Carter
Chatterton
Choquette
Chrétien
Clancy
Côté (Longueuil)
Crossman
Crouse
Cyr
Danforth
Davis
Deachman
Deschatelets
Diefenbaker
Dinsdale
Doucett
Drouin
Émard
Ethier
Eudes
Fairweather
Fane
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)
Forbes
Forest
Foy
Gelber
Gendron
Godin
Gordon
Grafftey
Granger
Groos
Guay
Gundlock
Habel
Hahn
Haidasz
Hales
Hamilton
Harley
Hellyer
Honey
Horner (Acadia)
Horner (The Battlefords)
Howe (Wellington-Huron)
Jewett, Miss
Jones, Mrs.
Kelly
Kennedy
Klein
Konantz, Mrs.
Korchinski
Lachance
Lambert
Laniel
Laverdière
Leblanc
Leduc
Legault
Lessard (St. Henry)
Lloyd
Loiselle
Loney
MacEwan
MacInnis
MacLean (Queens)
MacNaught
Macquarrie
MacRae
McCutcheon
McIlraith
McIntosh
McLean (Charlotte)
McMillan
McNulty
McWilliam
Madill
Matheson
Matte
Millar
Mitchell
Moore
More
Moreau
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Mullally
Nasserden
Noble
Ormiston
Otto
Ouellet
Pascoe
Paul
Pennell
Pepin
Pickersgill
Prud'homme
Pugh
Rapp
Regan
Richard
Rideout, Mrs.
Rinfret
Robichaud
Rochon
Rock
Rouleau
Roxburgh
Ryan
Sauvé
Sharp
Simpson
Skoreyko
Slogan
Smallwood
Southam
Starr
Stefanson
Stenson
Stewart
Tardif
Temple
Thomas
Tucker
Vincent
Wahn
Walker
Watson (Assiniboia)
Webb
Willoughby
Winkler
Woolliams—157.

[Mr. Grégoire.]

• (9:30 p.m.)

Mr. Deputy Speaker: I declare the motion lost.

[*Translation*]

Mr. Caron: Mr. Speaker—

[*Text*]

Mr. Basford: Mr. Speaker, I rise on a question of privilege. I read with interest the remarks made a day or two ago by the hon. Member for Port Arthur (Mr. Fisher) regarding the conduct of Members in the other place when voting on questions in respect of which they have a personal interest. I now take objection to the action of the hon. Member for Timmins (Mr. Martin) of the New Democratic Party who voted on this motion, in respect of which he has a personal interest.

Mr. Deputy Speaker: Order, please. While I should be interested in listening to arguments by both the hon. Member for Hull (Mr. Caron) and the hon. Member for Timmins in respect of this question of privilege, I feel I am now in a position to rule on it. In my opinion there is no legitimate question of privilege, and I now recognize the hon. Member for Hull.

Mr. Martin (Timmins): Mr. Speaker, the hon. Member for Vancouver-Burrard (Mr. Basford) already registered his disapproval, and there is no reason for him to do so again.

• (9:40 p.m.)

[*Translation*]

Mr. Alexis Caron (Hull): I regret, Mr. Speaker, that the few remarks I wanted to make this evening have been delayed in such a manner.

I have listened to the budget speech and found it really very well "balanced".

Some hon. Members: Oh, oh.

Mr. Caron: I realize that some members of the opposition at the far end of the house should find this a laughable matter, but I also know that their monetary system is not one about which we could talk anywhere, anytime.

I suggest that considering our present monetary system, the Minister of Finance

(Mr. Gordon) has introduced a budget that is very well balanced and I am happy to be able to support it.

I heard the critics of the hon. member for Digby-Annapolis-Kings. It is normal for him to criticize; it is his job. The hon. member who is the official financial critic of the opposition looks for all kinds of faults in order to criticize.

I even agreed that he should put an amendment. That is normal; we expected it. But when I see the amendment to the amendment from the New Democratic party, well I am very much surprised. Those people ask us to reduce taxes and to increase the old age pension to $100 per month. That is the most inconsistent thing I have ever heard.

An hon. Member: Oh, oh.

Mr. Caron: I hear someone laughing over there. I can see that he knows what inconsistency means and he cannot help laughing when he hears the word.

But I suggest it is impossible to increase pensions and to reduce taxes in one fell swoop. This is a long term project. We shall find it possible to do those things as the country develops. That is why I was quite surprised at the members of the New Democratic party moving this subamendment. If they knew that someday they could become the most important party in this house, they would have been careful and they would not have moved it. But knowing that they will remain in the opposition forever, they can afford to say whatever they want and whenever they want to say it, without paying attention to the administrative problems which such measures may bring about.

I understand that this is more difficult for us who are in office, and even for the Conservatives who have a chance of coming back into office some day, because they must weigh their amendment so as not to make any nonsensical motion which they would never be able to carry out if they ever moved back to this side of the house.

Both the Liberals and the Conservatives are parties with possibilities and not parties that no longer have any possibilities, such as those of the extreme left, and that is why I am surprised to see the N.D.P.'s move this amendment.

Naturally, the Créditistes, who are at the far end of the house, will support them. They never make any sense, no matter what they do or say and each time they rise in this house.

Some hon. Members: Oh, oh.

Division

Mr. Caron: As for the one who was complaining a while ago that he was being refused the right to speak, the one we hear most often and, according to what the hon. member for Villeneuve (Mr. Caouette) said, has always something of great interest to say, well, it is exactly the opposite, because he is always talking through his hat. He does not know what he is talking about. I admit that it is surprising to hear such nonsense from a person who studied law, even though he was not admitted to the bar. I should say, in short, that one is surprised to hear him utter such nonsense.

Mr. Speaker, I am happy to support the budget speech of the Minister of Finance. I know that the opposition criticized it, a little rashly, without examining it in detail, and they found only general grounds on which to criticize the measures put forward in the budget; besides, it is always in general that they criticize, and it is not by so doing that the business of the house will progress.

I suggest that the opposition should have criticized particular points, because I am sure that even our Minister of Finance cannot know everything and cannot achieve perfection only. He cannot avoid making mistakes and the criticism should be directed to those mistakes. We would then be able to reply, but it is practically impossible to do so when criticism consists in generalities.

I suggest that this is not the way to act and that is the reason why I am happy to tell the hon. Minister of Finance that I shall give him my full support and vote in favour of his budget speech.

[*Text*]

Mr. Speaker: It being 9.45 o'clock p.m. it is my duty, pursuant to section 4 of Standing Order 58, to interrupt these proceedings and forthwith put the question on the amendment to the amendment.

The House divided on the amendment to the amendment (Mr. Cameron, Nanaimo-Cowichan-The Islands) which was negatived on the following division:

YEAS

Messrs:

Aiken	Caouette
Alkenbrack	Cardiff
Balcer	Clancy
Barnett	Crouse
Bigg	Danforth
Boutin	Diefenbaker
Brewin	Dinsdale
Cadieu (Meadow Lake)	Dionne
Cameron (Nanaimo-Cowichan-The Islands)	Doucett
	Fane

Division

Fisher
Fleming (Okanagan-Revelstoke)
Flemming (Victoria-Carleton)
Forbes
Gauthier
Grafftey
Grégoire
Gundlock
Hales
Hamilton
Herridge
Horner (Acadia)
Horner (The Battlefords)
Howard
Howe (Hamilton South)
Howe (Wellington-Huron)
Jones, Mrs.
Jorgenson
Kennedy
Knowles
Korchinski
Laprise
Latulippe
Loney
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
McBain
McCutcheon
McIntosh
Madill
Martin (Timmins)
Martineau
Mather
Millar
Moore
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Noble
Nugent
Ormiston
Pascoe
Paul
Perron
Peters
Plourde
Prittie
Pugh
Rapp
Rondeau
Saltsman
Simpson
Skoreyko
Slogan
Smallwood
Southam
Starr
Stefanson
Stenson
Thomas
Valade
Vincent
Watson (Assiniboia)
Webb
Webster
Willoughby
Winch
Winkler—90.

NAYS

Messrs:

Addison
Armstrong
Asselin (Notre Dame de Grâce)
Asselin (Richmond-Wolfe)
Badanai
Basford
Béchard
Beer
Bensor
Berger
Blouin
Boulanger
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cantin
Caron
Carter
Choquette
Chrétien
Côté (Longueuil)
Crossman
Cyr
Davis
Deachman
Deschatelets
Drouin
Drury
Émard
Ethier
Eudes
Favreau
Forest
Foy
Francis
Gelber
Gendron
Godin
Gordon
Granger
Gray
Groos
Guay
Habel
Hahn
Haidasz
Harley
Hellyer
Honey
Jewett, Miss
Kelly
Klein
Konantz, Mrs.
Lachance
Lamoureux
Laniel
Laverdière
Leblanc
Leboe
Leduc
Legault
Lessard (St. Henry)
Lloyd
Loiselle
MacNaught
McIlraith
McLean (Charlotte)
McMillan
McNulty
McWilliam
Martin (Essex East)
Matheson
Matte
Mitchell
Moreau
Morison
Mullally
Olson
Otto
Patterson
Pearson
Pennell
Pepin
Pickersgill
Prud'homme
Regan
Richard
Rideout, Mrs.
Rinfret
Robichaud
Rochon
Rock
Rouleau
Roxburgh
Ryan
Sharp
Stewart
Tardif
Temple
Thompson
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Whelan—106.

Mr. Speaker: I declare the amendment to the amendment lost.

Mr. Basford: Mr. Speaker, I rise on a question of privilege. I read with interest the remarks of the N.D.P. Deputy Leader, the hon. member for Port Arthur, the other day about Members of the other place voting on questions in which they were self-interested. I object, on a question of privilege, to the hon. Member for Kootenay West (Mr. Herridge) trying to vote himself $25 a month.

Some hon. Members: Oh, oh.

Mr. Speaker: Order. Order, please. The hon. Member for Lake St. John.

[*Translation*]

Mr. Lessard (Lake St. John): Mr. Speaker, I did not vote on the subamendment because I am not confident that the official opposition or the New Democratic party can do any better than this government, in the present circumstances.

[*Text*]

Mr. Fairweather: Mr. Speaker, I was paired with the Parliamentary Secretary to the Minister of Justice (Mr. Macdonald).

Mr. Woolliams: Mr. Speaker, I would have voted for the subamendment. I was paired with the hon. Member for Verdun (Mr. Mackasey).

[*Translation*]

Mr. Chapdelaine: Mr. Speaker, I did not vote.

Mr. Ouellet: Mr. Speaker, I was paired with the Postmaster General (Mr. Tremblay); had I voted, I would have voted in favour of the amendment to the amendment.

[*Text*]

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we will continue the Budget debate.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Provisional Standing Order No. 39A deemed to have been moved.

AIR CANADA—WINNIPEG MAINTENANCE BASE—TRANSFER OF EMPLOYEES TO MONTREAL

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on Tuesday of this week, as recorded at page 633 of *Hansard*, certain questions were put to the Minister of Transport (Mr. Pickersgill) regarding the transfer to Montreal of personnel employed at the Air Canada base at Winnipeg. The initial question on Tuesday was asked by the hon. Member for Winnipeg South Centre (Mr. Churchill), who wanted to know whether such transfers could not be postponed until the Thompson inquiry had been completed and the Government had announced its policy concerning the base. The Minister of Transport, if I may capsulize his reply, indicated that it was not the policy of the Government to intervene directly in the internal affairs of Air Canada. I then asked the Minister of Transport if he did not feel that the commitment given by the Government in the early part of 1964, one in which, as I understood it, Air Canada had concurred, should be honoured, and that during the lifetime of that commitment there should be no such transfers.

At that point there took place a brief altercation between the Minister of Transport and myself as to what the facts were, and it seemed to me that the proper resolution of that altercation was to post this question for a brief discussion in the overtime period.

• (10:10 p.m.)

I want to put to the Minister tonight a question in somewhat narrow terms. We are not at this point arguing the question whether or not the base should be transferred. The reason we are not arguing that at this point is because that whole question is in the hands of the Thompson inquiry. What we are concerned about is the matter of personnel being transferred from Winnipeg to Montreal prior to the completion of the Thompson inquiry

and the presentation of the report on the basis of that inquiry.

It is the contention of those of us from Winnipeg who have been following this matter, Mr. Speaker, that the commitment made by the Government in the House of Commons on November 22, 1963, should be honoured fully. On that day the Prime Minister indicated that the previously proposed phasing out of the Winnipeg base would not be proceeded with, but that the base would be maintained at full strength for a 10 year period. I asked in particular for a commitment that the number of employees at Winnipeg would be maintained. The answer of the then Minister of Transport, now the President of the Privy Council, was that that level would not only be maintained but might be increased.

Subsequently, Mr. Speaker, there was an exchange of telegrams, a rather warm exchange, between the Premier of Manitoba and the Prime Minister of Canada. Premier Roblin's telegram was dated February 13, 1964, and the Prime Minister's reply was dated February 14, 1964. In that telegram by the Prime Minister—I do not think it necessary that I read it—the Prime Minister confirmed that the position stated by the Government on November 22 still stood. He made it clear that there had not been a directive as such to what was then known as Trans-Canada Air Lines, but that there had been a statement of Government policy in which T.C.A., as it was then known, had concurred.

I suggest, Mr. Speaker, that these two statements in particular—the statement of the Prime Minister to the House of Commons on November 22, 1963, and the statement of the Prime Minister in his telegram to Premier Roblin on February 14, 1964—constituted a Government commitment that the base would stay there for 10 years and there would be no whittling away or diminution of the jobs at the Winnipeg base.

In the meantime, Mr. Speaker, quite a few personnel have been moved. I do not think we would argue over the number; it was of the order of 90. The Government contends on behalf of Air Canada that this has been done under the terms of a collective agreement. The point I wish to make, which is crucial to this whole situation, is that if these transfers are being made under what is referred to as an agreement, it is an agreement signed on or about March 13, 1964, practically a month after the Prime Minister's confirmation to Premier Roblin and several months after the commitment given to this House.

Proceedings on Adjournment Motion

Mr. Pickersgill: March 13?

Mr. Knowles: March 13, 1964. The Minister knows—he might want to use this as part of his reply but it will not faze me—that there is a disagreement within the ranks of the union over what has been done, over whether or not that agreement of March 13 should have been entered into. Some think it was a proper agreement; some of the employees think it was not properly arrived at. That is for the union to resolve.

The position I take in this regard is one taken by many people in Winnipeg. Air Canada should not take advantage of an agreement, if there was one, arrived at after a commitment was made. Air Canada should stand by the commitment given by the Prime Minister (Mr. Pearson) on November 22 in this House and confirmed in a telegram to Premier Roblin on February 14. It is not good enough for Air Canada to rely on the technicalities of an agreement, which was reached after certain negotiations about which there is argument, in making these transfers. It seems to me that good faith should be practised in this regard.

I am not now, as I have said, arguing the whole case with respect to the transfer of the base, but in view of the firm commitment made by the Prime Minister on the dates I have indicated, and there are other dates involved, there should be, as the hon. Member for Winnipeg South Centre (Mr. Churchill) requested a day or two ago, a postponement of transfers, be they of union employees or non-union employees, until the Thompson inquiry has been completed. As the minister knows—

Mr. Deputy Speaker: I am sorry to interrupt the hon. Member for Winnipeg North Centre, but his time has expired.

Mr. Valade: Mr. Speaker, on a point of order. If the Minister speaks now, will he close the debate on this subject?

Mr. Deputy Speaker: Under the rules, the Minister is entitled to three minutes in which to reply.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, in view of the fact I have only three minutes in which to reply, I do not intend to apologize for reading one document.

The hon. gentleman pointed out that the collective agreement under which the company and the union are operating was concluded on March 13, 1964. The definitive undertaking given to the Government of Manitoba was given in reply to a series of questions put to the Prime Minister (Mr. Pearson) by the Premier of Manitoba. If I remember correctly, these questions were posed both in this House and in the Manitoba legislature. I should like to read the first question asked, and the answer which was sent in the form of a telegram on March 21, 1964. The question is:

> In terms of your statements in Parliament, what undertakings do you consider you have given about the maintenance of employment at the Winnipeg TCA overhaul base?

This is the Prime Minister's answer:

> I said in Parliament on December 17 last year: "It is the policy of the government to do everything possible to maintain employment at the TCA base in Winnipeg and, if possible, to increase it."
>
> So far as TCA is concerned, this means that the base will continue to be used for the overhaul of Viscount aircraft as long as these aircraft are in service.
>
> As far as the government is concerned, it means further that we will do everything we can to ensure that other aircraft work is available in Winnipeg so that the eventual withdrawal of the Viscounts is at least balanced by new activities.
>
> This policy should not be interpreted as a guarantee that each particular job now filled in Winnipeg will continue indefinitely. Normal changes in technology and work methods, and the provisions of seniority rules between employer and employee, may lead to the disappearance or transfer of particular jobs. A dynamic industry cannot be frozen into a particular employment pattern.
>
> My undertakings mean that there will be no transfer of work from Winnipeg by deliberate policy. On the contrary, the policy is to do our utmost to secure enough aircraft work to maintain or improve the present employment level.

I have checked with Air Canada on each occasion of a transfer and I have been assured that every transfer from this base has been as a result of collective agreement and the operation of the seniority rule. I have not conducted a first-hand investigation into this matter, but I am sure that management has given me this assurance in good faith.

• (10:20 p.m.)

Mr. Valade: Mr. Speaker, I have something to say on this particular problem and I wonder whether I could speak now.

Mr. Speaker: I certainly would like to accommodate the hon. Member for St. Mary but the rules are very definite and I must apply them. They provide for a total of 10 minutes of which seven are given to the person raising the question and three to the person replying. The hon. Member for Wellington South.

DEFENCE PRODUCTION—CENTRAL AGENCY FOR PURCHASE OF GOVERNMENT AUTOMOBILES

Mr. A. D. Hales (Wellington South): Mr. Speaker, my question involves the Minister of Industry (Mr. Drury) who is not in the House, but I am assured that the Minister of Trade and Commerce (Mr. Sharp) is going to speak on his behalf.

Since the first of the year there have been a number of rumours circulating that the Government of the day intends to institute a system of central purchasing of all non-military cars and trucks for the Dominion Government. On April 6 the following question was placed on the Order Paper by the hon. Member for Brandon-Souris (Mr. Dinsdale):

1. Has there been any recent departure from the policy of purchasing cars for the R.C.M.P. and the Department of Northern Affairs by having individual tenders from local dealers processed through the manufacturers concerned?
2. If so, what is the nature of the change and for what reason was it made?

On Tuesday I asked the Minister of Industry if it was the intention of the Government to set up a central purchasing system and he advised me that it was the intention of the Government to do so. Several other hon. Members asked questions, all of which he was unable to answer at the time. Therefore I suggested I should like to bring up the matter for debate at ten o'clock at the first opportunity.

There are one or two questions I should like to ask the Minister and they are these. How does the Government propose to handle the resale of these cars? It should be noted that in most cases the Government purchases cars and trucks free of sales tax. If the Government then elected to place used vehicles on the market in direct competition with franchised dealers they would do so with a distinct advantage, and the disposal of a quantity of such vehicles in any given market area would have a serious effect on the automobile dealers in that area who are maintaining facilities for merchandising used vehicles.

Second, how does the Government propose to handle the servicing of these cars and trucks? The sale of a new vehicle usually entails such services being performed by the manufacturer's dealer representative in the area in which the new vehicle is delivered. Direct sale by the manufacturer, with direct delivery, suggests bypassing the dealer completely and raises the question of purchase without a warranty, and the further question of how warranty services could be performed.

Third, how would the Government propose to handle the case where a Federal employee might wish to purchase a car through this proposed central purchasing system? There is another question of which I have not had a chance to give notice. How many cars and trucks would the Federal Government buy in one year?

I have no particular quarrel with the principle of central purchasing by the Government, but on behalf of the Automobile Dealers Association I must protest most vigorously any plan which will either put the Government in business in opposition to retail merchandisers or tend to destroy the service and the value of the franchise system. The franchised auto dealers constitute a large and respected industry. There are almost 5,000 of them in Canada. They employ about 72,000 people with a payroll of approximately $331 million a year, and yearly sales of almost $4 billion. So they do represent a large taxpaying group of people who are trying to provide a genuine, honest service to the people of Canada.

The franchise system has been built up over the years as the best method of automobile merchandising for the public, for the manufacturer and for the dealer. So I cannot think for a minute that it is the intention of the Government to help to destroy this industry, or to do anything that would be detrimental to this respected industry, which is providing a legitimate service. I ask the Minister, therefore, if he would answer those four questions which I have put to him?

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I regret the absence of the Minister of Industry (Mr. Drury) this evening. If I had known the hon. Member was going to put forward four such specific questions, I might have suggested that he should defer his questions until another evening when the Minister of Industry was present. In the course of asking these questions he also suggested the answers he would like to those questions. I compliment him on the way he has put forward his views in support of the franchised auto dealers, and assure him I will bring his comments in this respect to the attention of the Minister and of the Department.

Motion agreed to and the House adjourned at 10.28 p.m.

HOUSE OF COMMONS

Friday, April 30, 1965

The House met at 11 a.m.

• (11:10 a.m.)

NATIONAL CAPITAL COMMISSION

PETITION RESPECTING PROPOSED DEMOLITION OF ROXBOROUGH APARTMENTS AND UNION STATION

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, exercising the ancient right of the citizen, I wish to present a petition to the Honourable House of Commons, in Parliament assembled, on behalf of the tenants and staff of the Roxborough Apartments, with respect to the proposed demolition of the Roxborough and the Union Station by the National Capital Commission.

Wherefore your petitioners humbly pray that your Honourable House may be pleased to reconsider the plans for the Roxborough's and Union Station's demolition in the name of civic progress and capital re-development. We are confident that many citizens of our capital city would concur and support this presentation.

And as in duty bound your petitioners will ever pray.

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker, I rise on a question of privilege to inform the House that the hon. Member speaks only for himself, because I certainly did not sign the petition.

PRIVILEGE

MR. GRÉGOIRE—ABSENCE FROM HOUSE OF MINISTERS

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, while this is the period where private members may put questions to ministers in order to obtain information, I see that there are very few of them in the house at the present time and this in effect deprives us of our right and privilege of directing questions to ministers during this period.

As there are now very few ministers in the house, I wonder if this is not deliberate absenteeism in order to deprive us of the right and privilege of obtaining information by putting questions to ministers. As a matter of fact, there are only about five or six of them in the house at the present time and I think this is nothing but arrogance on the part of the ministers toward private members.

Hon. Paul Martin (Acting Prime Minister): Mr. Speaker, members of the government do have duties to perform and as sittings start at 11 a.m. on Fridays—

An hon. Member: Where is the hon. member for Villeneuve (Mr. Caouette)?

Mr. Martin: —the ministers cannot attend to all the problems concerning their own departments.

As for the right hon. Prime Minister (Mr. Pearson), as the hon. member for Lapointe knows, he is now in the United States fulfilling an engagement taken a long time ago. He will be back in a few hours.

The hon. member for Lapointe will himself admit that he does leave the capital once in a while.

[*Text*]

Mr. Frank Howard (Skeena): Mr. Speaker, I rise to speak on the question of privilege raised by the hon. Member for Lapointe. I think it should be pointed out to the hon. Member that it really does not matter how many cabinet Ministers are absent, because the Secretary of State for External Affairs (Mr. Martin) and the Minister of Transport (Mr. Pickersgill) are in attendance, and they know everything about everything.

Mr. Knowles: But they won't tell us.

EXTERNAL AFFAIRS

VIET NAM—INQUIRY RESPECTING REQUEST FOR AID

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Secretary of State for External Affairs, asking him whether there have been any discussions among the United States, Canada and other countries regarding a request for aid either in the form of equipment or supervisory service personnel for South Viet Nam. At the same time I should like to ask whether Canada was aware of the intention of the Commonwealth of Australia to send a battalion into that area before that announcement was made. Was there any

discussion among Commonwealth countries regarding contributions from other parts of the Commonwealth?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, there have been no discussions among Commonwealth countries as such regarding contributions by the Commonwealth or by individual members of the Commonwealth to Viet Nam. Shortly before the announcement by Mr. Menzies in the Australian Parliament, the Government of Canada was made aware of the intention of his government to dispatch a battalion to Viet Nam. The decision taken by Australia is taken in the context of the fact that Australia is a member of SEATO and has, of course, an understandable immediate interest because of the fact that the regrettable situation in Viet Nam is taking place in Asia itself.

Mr. Diefenbaker: Has there been any suggestion that Canada should supply or make available munitions or materials?

Mr. Martin (Essex East): Mr. Speaker, there has been no suggestion made to Canada that I am aware of that we should provide military equipment or personnel. We are extending a substantial amount of external aid to Viet Nam. We increased our external aid to Viet Nam within the course of the last six months when we agreed to make an additional half a million dollars available to Viet Nam for external aid purposes.

Hon. J. A. MacLean (Queens): A supplementary question, Mr. Speaker. Would the Secretary of State for External Affairs say whether the Government was advised in advance of the reported decision of the United States Government to send two additional divisions to this area?

Mr. Martin (Essex East): No, Mr. Speaker.

DOMINICAN REPUBLIC—STEPS TO ENSURE SAFETY OF CANADIANS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Twice before this week I have asked the Minister of External Affairs about the safety of Canadian nationals in the Dominican Republic. In view of the widespread fighting taking place there now, and in view of the fact that apparently United States forces are taking part in the fighting as well as reports that Cuban Communists are directly involved with the rebel forces, can the Minister tell the House whether he has any word about the reasons behind the United States action and whether there is any authenticity to the report that this is becoming an East-West communist fight?

Hon. Paul Martin (Secretary of State for External Affairs): I prefer not to comment in any way on the last part of my hon. friend's question until I have more facts than are available to me now.

However, with regard to the first part of the question I can say that early this morning we received a message from our Embassy in Santo Domingo informing us that a further evacuation of 17 Canadians took place by means of the facilities offered through the United States Department of State. No casualties amongst the Canadian community were reported. The number of Canadians evacuated so far from Santo Domingo and its environs is 24. This accounts for about half the Canadian community in that area. All the wives and children of Canadians in Santo Domingo have been evacuated with the exception of one family that has elected to remain. Officials of the Canadian Embassy informed me by telephone at 10.45 this morning that they are maintaining contact with the remaining Canadians in order to assist further evacuation when requested.

CANADIAN PARTICIPATION IN U.N. MISSION IN KASHMIR

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): Mr. Speaker, may I direct a question to the Secretary of State for External Affairs. In view of what appears to be a difficulty on the Pakistan-Indian border, could I ask the Minister whether we still have a military mission in Pakistan and, if so, what is its position and responsibilities?

Hon. Paul Martin (Secretary of State for External Affairs): Mr. Speaker, the other day when I was asked a question about the situation in the area of the Rann of Kutch I mentioned the existence of the United Nations observation group in Kashmir of which Canada is a part. I think I was in error if I gave the impression that the current dangers between Pakistan and India in the Rann of Kutch were covered by the operations of this United Nations group. That is not the situation.

Yesterday I asked the High Commissioners of India and Pakistan if they would be good enough to come and see me. We had a discussion about this matter. In the name of the Government I expressed our interest and our

concern as a member of the Commonwealth, and as a country that has close relationships with both India and Pakistan. Yesterday the Prime Minister of Great Britain made a proposal to both Pakistan and India. We are awaiting the reactions of Pakistan and India to this proposal which proposes the re-establishment of the status quo as of January 1965. It will be interesting to see what are the reactions to this proposal, which might serve as a basis for negotiations.

Mr. Winch: As a supplementary question may I ask the Minister to expatiate a little further and tell us what are the responsibilities, if any, of our Canadian military mission under the present circumstances?

Mr. Martin (Essex East): The responsibility of the Canadians on the observer group in Kashmir is to act as observers and to report to the United Nations authorities under the Security Council, any act in that area which threatens the peace between these two countries, pursuant to the mandate given to the group by the United Nations.

Mr. Winch: I have one more supplementary question. In view of the statement just made by the Minister, could he now inform the House whether through the United Nations, through reports being made by the Canadian military mission, he has received any advice as to who was the aggressor?

Mr. Martin (Essex East): Mr. Speaker, I thought when I rose to reply I had indicated that the area in question is outside the field of operations of this particular United Nations observation group which, as hon. Members know, operates along the cease fire line in Kashmir.

This observation mission of the United Nations has no authority in respect of the particular area of concern that now involves both India and Pakistan, but we have taken steps such as I related in calling in the two High Commissioners. Likewise we have noted and are following with interest the proposal made by the British Prime Minister that might lead either to mediation or negotiation and a settlement.

[*Later:*]

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to direct a supplementary question to the Secretary of State for External Affairs in connection with the series of questions he answered a moment ago. Did he mean to imply that reports of clashes between the forces of India and Pakistan in Kashmir are erroneous? I do not refer to reports of clashes occurring in the Rann of Kutch.

Mr. Martin (Essex East): No, Mr. Speaker; I was referring to the particular incidents that are causing special concern to India and Pakistan and to all Commonwealth countries. This has to do, as I said, with an area outside the field of operations of the observation group established for Kashmir by the United Nations. The area where these incidents are taking place is an undemarcated section of the India-Pakistan border near the Arabian Sea.

Mr. MacLean (Queens): I am aware of that, Mr. Speaker, but there are reports that there have also been clashes in the area where the mission operates.

Mr. Martin (Essex East): Mr. Speaker, any such incident would be a matter for that group in Kashmir, which would make a report to the United Nations.

SOUTHERN RHODESIA—CANADIAN ATTITUDE TOWARD INDEPENDENCE

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Secretary of State for External Affairs on a matter of great importance to all Commonwealth statesmen, a matter which the British Prime Minister yesterday indicated was being discussed by Commonwealth Governments. Is the Minister in a position to indicate what is to be Canada's attitude toward Rhodesian independence and the discussions with respect thereto?

Hon. Paul Martin (Secretary of State for External Affairs): Yes, Mr. Speaker, I am. The Government has made clear on a number of occasions our view that a unilateral declaration of independence by the Rhodesian Government would be a deplorable act which would lead to very serious economic and internal political difficulties in Rhodesia. Moreover, we think the repercussions throughout Africa, particularly on race relations, might be serious. We have conveyed our views to the Rhodesian Government. We earnestly hope that the Southern Rhodesian Government will take no such action. We have of course paid particular attention to the statement made yesterday in the British House of Commons.

In his statement in this House on July 17, 1964, following the Commonwealth Prime Ministers' meeting, the Prime Minister indicated that Canada would not recognize the validity of a unilateral declaration of independence by the Rhodesian Government. If

such a declaration took place we would have to consider other measures, in consultation with other Commonwealth Governments.

I should, however, add that negotiations on independence between the British and Rhodesian Governments are still going on. I hope they will eventually result in agreement on a program which will lead to independence for Rhodesia within the Commonwealth, in the words of the communiqué issued by the Prime Ministers' Conference, "at the earliest practical time on the basis of majority rule".

AIR CANADA

WINNIPEG MAINTENANCE BASE—TRANSFER OF EMPLOYEES TO MONTREAL

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Minister of Transport. Is the Minister aware of the exchange of telegrams yesterday, I believe, between the Premier of Manitoba and the Prime Minister of Canada with respect to the transfer to Montreal of personnel from the Air Canada maintenance base at Winnipeg, in which the request was made that the Minister of Transport might be dispatched to Winnipeg to try to clarify the situation? Is he going to Winnipeg?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am aware of the exchange of telegrams. In fact I have a copy of the exchange in front of me at the moment. In the Prime Minister's reply to Mr. Roblin he repeated the answer he had given to Mr. Roblin on the 21st of March, 1964, which I also put on *Hansard* in replying to the hon. gentleman last night; and as it appeared to the Prime Minister and to me that this did clarify the situation, there would not appear to be much purpose to be served in the Minister of Transport going to Winnipeg to repeat it.

Mr. Knowles: A supplementary question, Mr. Speaker. Does the Minister not realize that at times things can be made much clearer if one is there in person rather than by a telegram; and in view of continuing confusion over the situation will the Minister not reconsider the request that he go to Winnipeg? I would be happy to support the idea.

Mr. Pickersgill: Mr. Speaker, the Minister of Transport has had the experience, which not a few other politicians have had at times, of going to some place and making statements that are not as accurately reported as they sometimes are in this House, with the result that the situation is not always clarified.

[Mr. Martin (Essex East).]

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, may I ask a question. In view of the very close relationship between the Minister and the hon. Member for Winnipeg North Centre, if that hon. Member would go along with the Minister does the Minister not think that would be a circumstance that would cause him to visit Winnipeg?

Mr. Pickersgill: The situation would appear to be one in which some mediation is needed, and perhaps it is in a field with which the hon. Member for Winnipeg North Centre is more familiar than I am, because I understand there is a serious difference of view within the ranks of the trade union in question.

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I wish to put a supplementary question.

I should like to ask the Minister of Transport, in connection with the transfer of Air Canada workshops from Winnipeg to Montreal, whether he still believes, as he believed two years ago, that the government must support the recommendations of Air Canada's experts when they decide that something must be done, as was the case, for instance, in 1963, when the present government supported the decision of the experts on the question of purchasing DC-9's instead of Caravelles.

Does the minister believe that he must also support the decision of Air Canada at this time?

• (11:20 a.m.)

[*Text*]

Mr. Speaker: Order.

Mr. Pickersgill: Perhaps I should remind the hon. gentleman that the Government saw fit to appoint a Royal Commission to inquire into this matter. I believe the Commission will be reporting in the very near future, and I think it would be premature for a Minister, or any member of the Government, to express any views in anticipation of that report.

Mr. George Muir (Lisgar): I wonder if the Minister will consider including in today's *Hansard* the correspondence between the Premier of Manitoba and the Government?

Mr. Pickersgill: If it were felt that would be a convenience to the House and to the Members, I would agree. I could table the telegram to the Prime Minister and his reply. I would see no objection, because there is nothing secret about these documents.

An hon. Member: Make it an appendix to *Hansard.*

Mr. Pickersgill: If that is agreeable.

Mr. Speaker: Is it agreed?

Some hon. Members: Agreed.

[*Editor's note: For text of documents referred to see appendix.*]

FINANCE

ACTION ON ROYAL COMMISSION RECOMMENDATION RESPECTING SECURITIES CONTROL

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): I should like to direct a question to the Minister of Finance. Will the Minister tell the House if the Government intends to take any action on the Porter Commission recommendation concerning securities administration and control?

Hon. Walter L. Gordon (Minister of Finance): The matter is under study and has been for some time, Mr. Speaker. If and when the Government decides that some particular action is called for, it will give the appropriate notice at the appropriate time.

Mr. Hamilton: Does the Minister intend to set up the Canada Development Corporation without some sort of action on the recommendation by the Porter Commission that a regulatory commission or advisory body should be established, as mentioned on page 348 of that report?

Mr. Gordon: I think a more appropriate time to discuss that particular question would be when the resolution proposing the Canada Development Corporation is before the House. I may say that I have received very enthusiastic comments from a number of people about this proposal.

ELIMINATION OF INCOME TAX ON PRIVATE POWER CORPORATIONS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I wish to direct a question to the Minister of Transport arising out of a statement made yesterday by Premier Smallwood of Newfoundland who, when he was referring to the elimination of corporation income tax on privately owned power corporations, said "the budget is neither the time nor the place to make this particular announcement". I would like to know whether, because of the well known close relationship between the Minister of Transport and the Premier of Newfoundland, there is some other time when this announcement is going to be made. If so, there are other provinces in the country that would also like to know when this announcement will be made.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am at a loss to discover the connection between this statement, which I have not seen, and the responsibilities of the Minister of Transport.

BRITISH COLUMBIA—LACK OF FUNDS UNDER MUNICIPAL LOAN ACT

On the orders of the day:

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I undertook yesterday to provide answers to two questions asked by the hon. Member for Esquimalt-Saanich.

In answer to his first question, to the best of my knowledge the Government has not received any communication from the Government of British Columbia or from the Premier of that Province in respect to the using up of the Provincial quota of the municipal development and loan fund.

The second question concerned a statement made by the Minister of Trade and Commerce in the House during the second reading of the Municipal Development and Loan bill on August 2, 1963. At that time the question had to do with the possibility that provincial quotas might be used up before the closing date of March 31, 1966, and the Minister of Trade and Commerce gave a general reply to the effect that under certain circumstances the Government would not hesitate to come back to Parliament—and I quote his words—"to be sure that the purposes of the Act are fulfilled". That is the end of the quotation.

I think it would be agreed that the purposes of the Act have been met in a most satisfactory manner. An examination of the record will show that during the passage of the legislation I and other spokesmen for the Government made frequent references to the fact that the municipal development and loan fund was a short term measure intended to promote a rapid increase in municipal construction and employment during the next two years following the passage of the legislation. It now appears that the $400 million fund will be almost completely used up by

the terminal date of the legislation on March 31 next. No decision has been made by the Government to increase the amount of funds available.

Mr. G. L. Chatterton (Esquimalt-Saanich): A supplementary question. In view of the repeated statements by the Minister at the time of the passage of the Bill to the effect that the object of the Bill was to promote employment, is the Minister now saying that the unemployment situation in British Columbia and New Brunswick is such that no further action needs to be taken?

Mr. Gordon: All I have said is that the employment situation in those two provinces particularly, and in Canada as a whole, has been improved tremendously in the last two years. I have not said that it is satisfactory as yet by any means, but various measures are being taken to improve the situation, and I think my hon. friend will see that this will happen during the course of this year.

Mr. Chatterton: A further supplementary question. Would the Minister not now concede that the per capita basis of allocation was completely unrealistic, in that it had no relationship to actual need within any province?

Mr. Gordon: As far as I can see the hon. Member is asking me to say that I thought the action taken by Parliament in passing this legislation in 1963 was wrong. On the contrary I thought Parliament had ample opportunity to discuss it and did a very excellent job.

INDUSTRY

BENEFITS OF CANADA-U.S. AUTOMOBILE AGREEMENT TO CANADIAN CONSUMERS

On the orders of the day:

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, I have a question for the Minister of Industry. I wonder would he comment on statements emanating from union leaders in the United States to the effect that the United States Government has the right to insist that the Canadian Government impress upon the auto manufacturers that the advantages they received in the recent agreement be passed on to the consumers.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, obviously the representative of the United Auto Workers Union, in giving evidence before the United States Congressional Committee has every right to make any observations he wishes and, if he so wishes, to give his suggestions as to what the Canadian Government might do. I would point out in this respect that the Government has made it quite clear that over the course of the next few years, as the motor car manufacturers in Canada are able to lower their costs of production through increased and more rationalized production, the cost of manufacturing cars in Canada will come down, and under the impulsions of the competitive system in this highly competitive industry, the motor car manufacturing industry, one can be reasonably certain that with reduced cost of the manufacture of cars in Canada the cost of cars to the general public will go down.

• (11:30 a.m.)

Mr. MacInnis: A supplementary question, Mr. Speaker. I wonder whether the Minister would now comment on the statement by Mr. Burt to the effect that the $50 million advantage gained by the car manufacturers each year should be used to maintain the salaries of the 1,600 employees to be laid off at Windsor, Ontario, under the Martin plan?

Some hon. Members: Oh, oh.

Mr. Drury: Mr. Speaker, there have not been 1,600 employees laid off at the Ford motor car plant in Windsor. As yet it is not too clear precisely what will be the implications of the proposal of the Ford Motor Car Company to retool its plant with a view to increasing both production and employment. There will be, unquestionably, some changes and some temporary lay-offs. As a consequence of the discussions yesterday it emerged that the earlier anticipated or mentioned figure of 250 lay-offs occurring in May in fact will not be 250 but only 49.

All this indicates that the newspaper report which appeared last week alleging 1,600 lay-offs was in fact highly premature. The Department of Labour has mobilized its efforts to ensure, not that workers should be paid for idleness but that there will be no idleness and that workers will be maintained in work to the maximum extent practicable.

Mr. Hales: A supplementary question, Mr. Speaker—

Mr. MacInnis: A supplementary question, Mr. Speaker—

Mr. Speaker: Order, please. I do hope we are not getting into a general argument. If it is a real supplementary question of course that is all right.

Mr. MacInnis: A further supplementary question to the Minister. In the event that full

employment is not maintained, will the Government make the necessary representations to the auto manufacturers so that at least part of the 50 million they are to gain in one year will be used to supplement unemployment insurance?

Mr. Drury: Mr. Speaker, I think I can reassure the hon. gentleman that the Government will take the steps that may be necessary to see that there is no undue hardship.

FISHERIES

VISITS TO SEAL HUNT BY HUMANE SOCIETY MEMBERS

On the orders of the day:

Mr. J. R. Tucker (Trinity-Conception): Mr. Speaker, I wish to direct a question to the Minister of Fisheries. Last November the Minister of Fisheries told the House that arrangements would be made to provide an opportunity for members of the Society for the Prevention of Cruelty to Animals to visit the site of sealing operations and obtain first-hand knowledge of the manner in which seals would be killed during the 1965 season. Would the Minister please advise the House whether this has been done and if so, what was the result?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, in recent weeks I have had the opportunity to answer a number of questions dealing with the sealing operations. In direct reply to the hon. Member I think the best answer I can give is to quote from a statement made by the President of the S.P.C.A., Mr. Alex McLaurin, who told a press conference on April 14 in Montreal, as reported in the April 15 issue of the Montreal Gazette:

> We are entirely satisfied with the methods which were used for the hunting of seals this year and the manner in which the Government enforced these new methods.

Some hon. Members: Hear, hear.

Mr. Robichaud: Further in the article there appears this paragraph:

> Mr. McLaurin expressed his thanks to the Minister of Fisheries for his swift action in bringing humane conditions back to the seal country and thus prolonging the life of both the seals and the sealing business.

Some hon. Members: Hear, hear.

Mr. Robichaud: And only yesterday I received another letter from Mr. Vallee, a representative of the S.P.C.A. who was right on the site of the operation on three different occasions, who also expressed his thanks and complete satisfaction.

Mr. Heath Macquarrie (Queens): Mr. Speaker, a supplementary question to the Minister of Fisheries. Would the Minister, since he has all this information at hand, ask someone to supply the answer to my order paper question of April 8?

Mr. Frank Howard (Skeena): A supplementary question to the Minister of Fisheries, Mr. Speaker. In his capacity as a swift acter—

An hon. Member: "Actor" is right.

Mr. Howard: —I wonder if the Minister would mind telling the House how he is progressing with the establishment of straight base lines, which matter was dealt with in the House about a year ago now.

Mr. Robichaud: Mr. Speaker, this matter is under very active consideration.

Some hon. Members: Oh, oh.

ADMINISTRATION OF JUSTICE

ALBERTA—TRANSFER OF PRISONER TO B.C. INSTITUTION

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I should like to put this question to the Minister of Justice. I asked the question about two weeks ago, but I am not making anything of that because the Minister was away, although his Parliamentary Secretary was here. My question has reference to a man named Talbot who was sentenced to eight years imprisonment in the penitentiary in Alberta and was afterwards moved to the minimum security institution in British Columbia. Is that correct; and if so, what was the reason for it?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I will complete my investigation and report to the House.

DEFENCE PRODUCTION

PURCHASE OF NON-MILITARY VEHICLES BY DEPARTMENT OF DEFENCE

On the orders of the day:

Mr. Reynold Rapp (Humboldt-Melfort-Tisdale): Mr. Speaker, I have a question for the Minister of Defence. Is it the intention of the Department of Defence to purchase non-military vehicles direct from the manufacturers, thus by-passing local and franchised car dealers? If this is the case, this will help neither business nor employment in the country. Could the Minister give me some information on this matter?

Inquiries of the Ministry

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I think this would be an excellent question for the order paper.

CANADIAN FLAG

INQUIRY AS TO CEREMONY RESPECTING SECOND FLAG

On the orders of the day:

Mr. Terry Nugent (Edmonton-Strathcona): Mr. Speaker, I have a question for the Acting Prime Minister. Since it has been some time since we held a most impressive ceremony at the raising of Canada's maple leaf flag, I wonder when the Government intends holding a similar ceremony for Canada's second national flag.

Some hon. Members: Hear, hear.

Hon. Paul Martin (Acting Prime Minister): Mr. Speaker, Canada has decided, through this Parliament, to have one national flag.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Nugent: A supplementary question, Mr. Speaker. I would remind the Acting Prime Minister that Parliament had to also pass a second national flag; and since the Commons was asked to go to the trouble of passing that flag, would the Government go to the trouble of honouring it in the same manner?

AGRICULTURE

REQUEST FOR INCREASE IN FEDERAL EXPENDITURES

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I would like to direct my question to the Minister of Agriculture, but in his absence I will direct it to his Parliamentary Secretary. A recently published report stated that 23 per cent of our tax revenue dollar was spent on defence, yet in the year 1963-64 only 2.1 per cent was spent on Canada's primary and most important industry, agriculture. I want to ask the Parliamentary Secretary if his Department would consider substantial increases to the agriculture industry.

• (11:40 a.m.)

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, I think this is a question which I might not be expected to comment on, but I will bring it to the attention of the Minister. I am sure the agricultural program in the future will use a greater percentage of the Budget than it has heretofore.

[Mr. Rapp.]

CHEESE—REPORTED INCREASE IN EXPORT SUBSIDY

On the orders of the day:

Mr. H. W. Danforth (Kent, Ont.): Mr. Speaker, I have a question for the Minister of Agriculture, but in his absence perhaps I should address it to the Minister of Forestry or the Parliamentary Secretary. A recent press release from the Department of Agriculture stated that the subsidy to aid in the export of Canadian cheese has been raised from 2 cents per pound to 4 cents per pound. Can the Minister say whether under this new Government policy this is one of the expenses that will be deducted from the subsidy payment due to the producers of manufacturing milk?

Hon. Maurice Sauvé (Minister of Forestry): Mr. Speaker, I am sorry I do not know the exact answer to that question. I will refer it to the Minister of Agriculture, and if he is not here on Monday I will provide the answer.

NATIONAL DEFENCE

INQUIRY AS TO PROCUREMENT OF NEW TACTICAL AIRCRAFT

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): I have a question for the Minister of National Defence. In the light of published reports that the likely choice for a new aircraft is the Northrup M-5, would the Minister now advise the House when he expects to announce this decision?

Hon. Paul Hellyer (Minister of National Defence): First of all I should like to congratulate my hon. friend on his patience in this matter. I wish to advise him that the decision will be taken just as soon as we can be sure that it is the right decision.

Mr. Lambert: A supplementary question. I am wondering whether the Minister is once more flying a kite rather than an aircraft.

Mr. Hellyer: No, Mr. Speaker. I can assure my hon. friend that the aircraft being considered are pretty potent weapons systems and will be a great addition to the equipment inventory of our armed forces.

Mr. Harold E. Winch (Vancouver East): A supplementary question to the Minister of National Defence on the subject of air-

craft. Could I ask him whether he has been officially informed that the United States is taking out of service its aircraft on the Pacific coast on what used to be the early warning system because the manned bomber threat has diminished to the extent that they are no longer required? If so, is he therefore considering the fact that the United States is of the opinion that there is no manned bomber threat?

Mr. Hellyer: Well, Mr. Speaker, this is not the time to enter into a debate, but I am a little surprised at my hon. friend's information, which is incomplete. The diminution of the bomber threat was long ago admitted and acknowledged, but the reduction in defence measures against it has been phased over a long period of time and some measures are still required. The United States has taken a number of steps to reduce the proportion of its forces going into air defence and so have we, the latest step we have taken being the discontinuation of operations of the remaining portion of the mid-Canada line. We are fully aware of what the other is doing in the field and fully cognizant of the extent of the threat and the measures to be taken against it.

Mr. Winch: Then why are you still maintaining the Bomarc?

Mr. Hellyer: Because it is required.

EARTHQUAKES

BRITISH COLUMBIA—REQUEST FOR STATEMENT ON EFFECTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to address a question to the Parliamentary Secretary to the Minister of Northern Affairs and National Resources. My question is based on very disturbing reports of a very severe earthquake which occurred in British Columbia and portions of the western United States, which reports indicate that some people were killed and scores injured in several cities; that the tremor did structural damage to some hydroelectric circuits at the giant Grand Coulee dam; that it caused swaying buildings, bouncing ornaments and rattling windows on Vancouver Island, in the Okanagan valley—

Mr. Speaker: Can we have the question, please?

Mr. Herridge: —in north-central British Columbia and as far as Trail. This is a matter of great importance because one third of my constituents live south of the High Arrow dam, which the Secretary of State for External Affairs has recommended to the people of Canada.

My question is, would the Parliamentary Secretary get the latest information with respect to these reports and bring this information to the attention of the House?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources): Mr. Speaker, it is my understanding that the engineers of the seismology division at the Dominion Observatory who report to the Department of Mines and Technical Surveys have the situation very carefully under observation. I might also add that the Minister of Northern Affairs is in Vancouver today and is receiving reports directly from the site.

• (11:50 a.m.)

INCOME TAX

WRITE-OFF BY FARMERS RESPECTING TILE DRAINAGE OF LAND

On the orders of the day:

Mr. A. D. Alkenbrack (Prince Edward-Lennox): Mr. Speaker, I should like to direct a question to the Minister of Finance which arises from a statement made in the budget speech. What is the new allowable rate of income tax write-off for expenses of farmers in respect of tile drainage of their land?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I hope we will be returning to the budget debate in a few minutes.

Mr. Alkenbrack: Mr. Speaker, I asked the Minister what the new allowable rate is for write-off of expenses of farmers in respect of tile drainage of their land. At page 427 of *Hansard* for April 26 the Minister stated, in reference to an amendment:

> —it will permit a farmer to deduct amounts spent for clearing land or laying drainage tile.

Now that the new season is opening up, my constituents want to know what this rate will be.

Mr. Speaker: Order, please. It is my understanding that the Minister got the gist of the question.

Mr. Gordon: Mr. Speaker, I think this question should be deferred until the Bill is introduced, but the intention is that these expenses will be allowed as deductions from income.

Mr. Diefenbaker: To the extent of 100 per cent?

Mr. Alkenbrack: The farmers have been deducting expenses at the old rate of 2½ per cent per year, and they want to know what the new rate will be.

Mr. Speaker: Order, please. There will be an opportunity to discuss this.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, surely if the Minister of Finance has the information he should give it to the House. If he does not have that information we will have to wait. The hon. Member who asked the question stated that, with the arrival of the new spring season, the farmers want to know what this new rate will be. Unless the Minister does not have the information, surely he can clarify the situation as to whether the expenses will be deductible to the extent of 100 per cent.

Mr. Gordon: Mr. Speaker, I would be delighted to make this clear. The hon. Member read what I said and I can only repeat it. These expenses will be allowed as deductions.

Mr. Diefenbaker: To the extent of 100 per cent?

Mr. Gordon: Of course; there is no qualification.

Mr. Diefenbaker: All right; that is all you had to say.

Mr. Alkenbrack: I have a supplementary question. Can I take it from what the Minister has said, that a farmer will be allowed to write off all his expenses incurred in this regard in one year? We want to know the rate at which he can write off these expenses.

Mr. Gordon: I am having some difficulty, Mr. Speaker, and if it is my fault I apologize. Farmers will be allowed to write off these expenses against their incomes, and they can write them off in one year.

Some hon. Members: Hear, hear.

Mr. Starr: That took a lot of dragging out.

Mr. Gordon: The hon. Member just could not understand the answer.

Mr. Diefenbaker: No wonder you needed three assistants to help you out.

[Mr. Gordon.]

REDISTRIBUTION

INQUIRY AS TO REPORTS OF PROVINCIAL COMMISSIONS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to direct a question to the Minister of Transport who, I presume, is the Acting Secretary of State, and ask him whether he is now in a position to answer the question I asked the day before yesterday which the Secretary of State took as notice yesterday. I refer to my question in respect of redistribution.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am still having a little trouble, as I indicated the day before yesterday, about the propriety of inquiries in respect of the reports of these commissions. These commissions are proceeding, according to what I hear, with due dispatch, and I believe the evidence in respect of the commission in Prince Edward Island supports that statement.

The House has charged these commissions with certain responsibilities, and it does seem to me that inquiries made by the Government might be interpreted as an attempt in some way to interfere. However, if hon. Members think I should communicate with the chairmen of each of these independent commissions to ascertain the dates on which they expect to have their maps published, I suppose I could do so, but I really wonder whether that would be a proper action for the Government to take.

Mr. MacLean (Queens): Mr. Speaker, I understand the Minister's sensitiveness in this area, but will he consider sharing with this House any intelligence he may have gained in this regard through mental telepathy, clairvoyance or by some other type of extrasensory perception?

Mr. Pickersgill: Mr. Speaker, I am always willing to share with this House what little intelligence I have.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I hope that is not carried too far. I trust now that there has been an expression of a general feeling of absolution of the Minister if he communicates with each of the commissions, he will do so and pass on the information to the House. It is a matter of considerable interest to this House to know, generally speaking, when these reports may be expected.

Mr. Pickersgill: Mr. Speaker, in view of the fact that the representation commissioner is an officer of Parliament and is a member of all of the commissions, I will be glad to communicate with him. Perhaps I should inform the House that at the moment the representation commissioner is not in the country and will not be back for three or four days. Perhaps you will permit me to say, Sir, that I think the representation commissioner has pursued his activities with commendable zeal, to the point that he really was jeopardizing his health. He was asked to take a rest for a few days. As soon as he returns I am sure the Secretary of State will communicate with him and then give to the House the information obtained.

HEALTH AND WELFARE

INQUIRY AS TO NATIONAL MEDICARE PROGRAM

On the orders of the day:

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I should like to direct a question to the Minister of Health and Welfare. Perhaps in her absence I should direct it to the Acting Prime Minister. In view of the letter of Dr. J. A. Hannah, managing director of Associated Medical Services Incorporated, to Premier Robarts to the effect that the setting up of a Provincial medical care program would have serious shortcomings and increase costs to patients in the Province of Ontario, is the Government prepared to proceed with a national medicare program before this and other inadequate schemes are introduced?

Hon. Paul Martin (Acting Prime Minister): Mr. Speaker, I will refer this question to the Minister, who has already indicated the progressive intentions of this Government.

CANADIAN CENTENNIAL

SUGGESTED ISSUING OF COMMEMORATIVE GOLD COIN

On the orders of the day:

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to address a question to the Minister of Finance. In support and in recognition of the role played in our national development by the gold mining industry, is it the intention of the Minister of Finance to authorize the striking of a gold coin or medallion by the Canadian Mint to commemorate Canada's Centennial?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, this is a matter which will be given considerable attention.

Inquiries of the Ministry

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker, I have a supplementary question I should like to direct to the Minister of Finance. Was the Minister surprised by the fact that the hon. Member for Timiskaming does not consider a silver coin to be a more appropriate commemoration for our Centennial?

• (12:00 noon)

Mr. Gordon: I was not surprised, Mr. Speaker.

Mr. Peters: A supplementary question, Mr. Speaker. May I explain that while it is true I represent the silver industry as well as a large section of the gold mining industry, the fact remains that if a gold coin is going to be used on the occasion of our Centennial in commemoration of that industry, there will have to be some change in the act dealing with the coinage of gold. Is the Minister prepared to say whether the Government will consider such a change for this one specific purpose, so that many of the interested areas can give consideration to the matter now inasmuch as time is going by?

Mr. Gordon: I do not think there is anything I can usefully add, Mr. Speaker.

CANADIAN CONSTITUTION

PROPOSALS BY OPPOSITION LEADER RESPECTING AMENDMENT METHOD

On the orders of the day:

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to put a question to the Minister of Justice.

Since for some time there has been a great deal of talk about amending the Canadian constitution and especially about the Fulton-Favreau formula, could the Minister of Justice tell us whether he has considered the advantages contained in the proposal of the Leader of the Opposition that the Canadian constitution should be an original Canadian statute?

[*Text*]

Mr. Speaker: Order, please. The question is undoubtedly very interesting, but it does seem to me to open the door to a long discussion which would not be in order at this time.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed, from Thursday, April 29, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the amendment thereto of Mr. Nowlan.

Mrs. Eloise Jones (Saskatoon): Mr. Speaker, I am pleased to take part in the debate on the budget with regard to which I should like to give my views on a few subjects.

First of all I wish to refer to the field of education. I was somewhat disappointed that during the budget speech the Minister of Finance did not see fit, in the interim between now and the report of the Bladen Commission, to do something at the Federal level in the field of education. It is clear that at the present time education is the most costly service in Canada for all Governments. It involves the highest spending outlay.

The Economic Council of Canada feels that in the future education will continue to be the greatest expense, and that the margin is going to increase rapidly as time goes on. In 1963 total Government expenditures were over $2 billion, which was $90 million higher than the next highest figure for Government expenditure. The Economic Council of Canada expects that by 1970 this figure will reach $3 billion.

This figure represents only two thirds of the total cost for higher education. At present the real burden of higher education does not fall on the Federal Government. This is primarily a provincial field, as I know and as other Members have mentioned. The share of the Federal Government in 1962 was $59 million out of a total of $266 million spent by all Governments on higher education, or just under 25 per cent of total expenditures. Out of the $59 million spent by the Federal Government for higher education in 1962, $26 million was in the form of research grants to the National Research Council.

The Provinces and the Municipalities bear the great load with regard to expenditures for education, and the municipal burden has now reached the point of bankrupting municipalities. Mill rates are soaring, and the largest percentage of these rates goes for education. For example, in Ontario education requires approximately 50 per cent of municipal tax revenues, and education now accounts for over 47 per cent of the Ontario provincial budget.

The Minister of Finance stated during the budget speech that he was waiting for the report of the Bladen Commission before doing anything for higher education, but the fact is that the Canadian Universities Foundation, which was responsible for setting up the Bladen Commission, recommended to the Minister of Finance in 1963 that the per capita grant should be brought in line with student enrolment and operating costs. Today that would mean a $3 per capita grant. I should like to quote the following from the Regina *Leader-Post* of April 27:

> Mr. Thatcher expressed concern about progress in the field of education unless the Federal Government can find some way of increasing financial aid for technical schools and universities.

The former premier of Saskatchewan, Mr. Lloyd, said:

> The ignoring of the needs of education is "a far cry from Mr. Gordon's statement of last year when he said more selected and long term measures are needed such as the better education and technical training of our people". Both the Federal and Provincial Government have failed to recognize the contributions education makes to the expansion of the economy, estimated by some economists to range from 20 to 40 per cent.

The Federal grant last year for higher education was $27 million, but the trouble is it is calculated on a per capita basis per province and, as other Members have pointed out, the per capita increase in population is less rapid. The per capita increase in population of a province is about 2 per cent, while the per student increase across the country averages between 11 per cent and 12 per cent, and the student population is increasing at a progressively faster rate each year. In addition the operating costs of the universities are increasing even more rapidly, by 16 per cent each year. So we can say that while student enrolment and especially operating costs are increasing, they are not nearly being met by the per capita increase on which the grant is based. So what has happened is that the grant per student or per operating cost has diminished each year, and the real value of the grant is diminishing rapidly.

This grant should be calculated on a per student basis. On the present basis the grant to the Province of Saskatchewan for the year 1962-63 was $269, and by 1964-65 it had fallen to $199. So the real value of the grant to the student is rapidly diminishing. The figure for Saskatchewan is away below the

national average and is actually the third lowest in Canada. The population of Saskatchewan has not been increasing for many years. We hope that at the present time it will start to increase. It used to be said that one of the greatest exports from Saskatchewan was people when it should have been wheat, and we hope this condition will now be alleviated.

With regard to enrolment of full time students at universities, in 1954-55 they represented 4.4 per cent of young people in the 18 to 24 age group. However, by 1964-65 this figure had risen to over 9 per cent, and it is estimated by the Canadian Universities Foundation that full time students will represent over 15 per cent by the year 1974-75, and this is probably a low estimation. This is the probable expansion. Some 15 years ago the United States had over 8 per cent of that age range in universities, and today they have close to 40 per cent.

• (12:10 p.m.)

University fees have been skyrocketing. I think we are moving in the direction of providing free education. The Canadian Union of Students has asked for free tuition in its recent brief to the Bladen Commission. I believe the Prime Minister went so far as to endorse free education. Fees, however, are really a very small part of the cost of education, since they form only about one quarter to one fifth of the cost to the student.

What should the Federal Government do about this? If Governments do not make money available to cover the rise in the cost of education, then the universities will have to draw from the only source they control, and that is fees. The student will then bear the cost of the Government's failure to meet this need. A rise in fees is the only other alternative, and they will go up and up.

Federal spending in direct grants to higher education during 1964-65 amounted to only one third of 1 per cent of total spending. This is ludicrous and should not continue. If we expect the provinces to bear almost the full cost of primary and secondary education, then the Federal Government must take more responsibility and must give much more for higher education in this country.

In conjunction with the subject of education I want to talk about health services from a national point of view. Both education and health services are investments; they are not handouts. I should like to stress that point. They represent real investments in the advance of mankind in every sphere. They will pay off on a dollar and cents basis. Some of the European countries in which a very high percentage of the national income goes into Government have also very productive economies. Both education and health needs are urgent in Canada now. They must progress together; they must advance hand in hand for the universal benefit of all Canadian people regardless of income.

I do not object to the term "war on poverty". I used it myself in my maiden speech last July. However, if it is to mean anything it must be an actual war carried on with effective weapons. It must not be allowed to wax and wane in a skirmish that is purely vocal, evasive and ineffective. In other words this must not be a phony war. Some people have drawn back in a state of apprehension and are paralysed by their fear that if a national program of health services is implemented, the funds needed in the field of education cannot be provided. Some are fearful that we cannot have either. Truly this is a time, I suppose, to excite the daring and test the strong. A society, in order to be healthy, must advance on all fronts. This must be a total war.

When I use the word "health", I mean not only a literal interpretation of that word. I am thinking of it in its broadest sense. For the benefit of those who are somewhat fearful may I point out, as the Minister of Finance has already pointed out, that the nation's finances are under firm control. This is nice to know; it is very encouraging. The expected increase in the gross national product will provide the revenue needed in both the education and health fields. The Minister of Trade and Commerce has asked Canadians to "think big." Well, that is fine; that is very encouraging. I would assume that this approach presages an aggressive export policy, because this also must be included. I shall not make the mistake of including wheat sales in this particular outlook, because I understand that would be inappropriate.

I should like to quote from the *Star-Phoenix* in this regard. The editorial is dated April 12, 1965 and is under the caption "What about the next budget?"

Presuming taxes will be slashed—

This is an overestimation of what actually happened.

—the welfare program can be pursued on the assumption that the gross national product, the sum total of goods and services produced, will expand sufficiently to pay for the welfare spending spree.

I should like to interject here that I do not really feel that Federal funds devoted to the advance of education and health services could come within the definition of a "spending spree". As I pointed out, I feel they are absolutely necessary. I continue with the quotation:

A dramatic growth in the GNP would depend directly on establishing new Canadian export records...

If we have any hope of reaching the targets determined on by the Economic Council of Canada, then we must pull out all the stops. Canada must expand production for domestic and foreign consumption, it must look to an intensification of trade with Russia and Communist China.

If there is any wheat sale to Russia in the offing, we will all cheer for the Wheat Board. I continue the quotation:

In addition, Canada must embark on extended trading relations with the emerging nations, and it must face up to the protectionism of the European Common Market which threatens to hurt us deeply in the long run.

In the Throne speech, relatively little attention was given to Canada's greatest challenge—the promotion of a huge growth in exports. Without that, many of the major goals set by the Economic Council of Canada will prove meaningless.

• (12:20 p.m.)

Those who shrink from tax increases resulting from the implementation of a universal national health service are not generally the people who have been hit hard by severe, prolonged illness, either mental or physical. The parent of a retarded child, the parent, wife, husband or any relative of an acutely mentally disturbed person, the relative of a handicapped person who is vegetating either in a home or an institution—ask those people how they feel about an increased expenditure of public funds for more effective research and more rehabilitation. I was listening to the hon. Member for Nanaimo-Cowichan-The Islands when he was talking about the subject of taxation. I agree with him that none of us would object to higher taxation for these areas that have such a high priority and in which there is such a need at present in Canada. The time has come when something concrete has to be started in an organized way to provide assistance for people who need help. Next year or the year after will not do.

I wish to quote from the foreword to volume II of the report of the Royal Commission on Health Services:

We emphasized in volume I and we wish to repeat here that time is of the essence in the development of certain health services such as the implementation of crash programs for the education and training of health personnel, the expansion and organization of health research, the introdution of children's dental programs and the provision of expanded health services for retarded and crippled children. Similar urgency applies to the expansion of the scope of the Hospital Insurance and Diagnostic Services Act, particularly the inclusion of mental health hospital services under the coverage of that act.

This will be a good interim measure. Mental hospitals are currently being emptied. The patient population at the mental hospital in Weyburn reached an all time high of 2,600 back in the 1940's. When I arrived there on staff in 1950 it had a population of around 1,300, and has now reached an all time low of 800 patients.

The foreword to the Hall Commission report continues:

In fact we are heartened by the initiative shown by some of the provincial governments which are proceeding with the development of extensive programs of education and training of health personnel, and we refer particularly to the imaginative program involving $100 million announced recently by the Ontario government.

In yesterday morning's *Globe and Mail* I noticed an item respecting the expansion of a research centre on the emotionally upset child. This is a $500,000 building program and is something that is very greatly needed.

I now return to the quotation from the Hall Report:

In other fields, no less important in the development of comprehensive and effective health services for all Canadians, haste should be made slowly because of the important long-term implications of the comprehensive programs which we have recommended. We visualize that full implementation of the programs may take seven years so that by 1971, Canadians would have all the health services which scientific genius and human skill can provide. We have also presented evidence that given the continued economic expansion of our country, which is fully realizable, Canada will have the means in terms of qualified manpower, capital facilities and financing to undertake these programs without in any way interfering but, on the contrary, strengthening the economic capacity and growth prospects of our country.

I should now like to quote briefly from an editorial in the Toronto *Star* of January 30:

No one expects the federal Government to implement the Commission's report immediately; the Commission itself proposed that its recommendations should be brought into effect over a period of years.

But the Government should lose no time in making clear that it accepts the Royal Commission's report in principle and that it intends to take the preliminary steps for its establishment in the near future. Without at least that much guidance, provinces concerned with filling the medicare gap in the years immediately ahead may find themselves headed in the wrong direction.

That is an important point. Has the Federal Government in fact given the green light to the provinces to go ahead and start their own programs? Is it not going to give any

leadership on the national level for the provision of a health service program for Canada?

At the present time there are many areas in the health field that are crying out for help, for research, for improved care and for effective treatment. There are the mentally ill who have been the most neglected. There are the retarded children, the crippled children, people with debilitating diseases and our old people.

Excellent organizations like the Canadian Mental Health Association and the Canadian Association for Retarded Children have done much in the past to enlighten the public and give leadership in the care of the mentally ill and the retarded, but they cannot do it alone. In this year's estimates I notice that the Department of National Health and Welfare's grant to the Canadian Association for Retarded Children is raised from $15,000 to $25,000, but the Canadian Mental Health Association grant is still $15,000. I know every little bit helps, but what can a national health organization do to effectively wage the kind of war I have been describing, with princely sums like these?

I suppose they constitute a kind of governmental stamp of approval and evidence of continuing good will on the part of the Federal Government, but more concrete evidence of Government good will is required.

In preparation for the implementation of a national program of effective health services, all kinds of pilot projects need to be set up across the country. Since last fall I have been trying to get a grant for a pilot project, a community employment workshop, for those permanently and mentally handicapped in Saskatoon, which would provide a blueprint for community shelter workshops for people all across Canada who are permanently mentally helpless and who are classed as unemployable. All these people can do now is sit in complete idleness, living on relief and other government allowances. I found a great deal of interest and enthusiasm for this project among the people of Saskatoon. Surely the Federal Government should provide some leadership and sponsor pilot projects like this across the country.

Research projects carried on in Canada cannot always continue to rely on our neighbours to the south for the necessary funds to carry out their work. One psychiatrist on the staff of the University of Saskatchewan has for some years been carrying out a research program in the community partly financed by the provincial Government but to a larger extent by the United States Government. The National Institute of Mental Health in Washington has provided an annual grant of $20,000 on a three-year basis, and this year will provide an additional annual grant of $8,500 which will continue for the next three years. Both the N.I.M.H. grants from Washington and the private American foundation grants are going to dry up for us here in Canada. The Americans are beginning to say that we should finance our own research projects. Canada has something like one tenth of the population of the United States, and it is easier to do things on a broad basis and be able to validate them. The kind of research programs that could be carried out in Canada could provide an important Canadian contribution to the world, but at present in this whole field of research we are living on the largesse of our big brother down yonder. I think this helps destroy our sense of freedom, our sense of responsibility and our sense of identity.

The Minister of Finance seems very concerned about a sense of identity in Canada. He is thinking about protection for Canadian publications, and he wants to start the Canada Development Corporation, which goes along the same line of thinking in the sense of preserving our Canadian identity. In the century in which we live, with the great velocity of change in many fields, rapid advance in technology, increasing complexity in our society, governments becoming bigger and industries becoming bigger, people are tending to become more remote from participation in the affairs of their country. They do not participate as personally as they did, say 30 years ago, in questions of government, industry and many other spheres. Mr. Adlai Stevenson has referred to this whole question of the process of the alienation of the individual that exists in this world of ours at the present time by saying that man in this century does not need so much to fear becoming a slave as becoming a robot. This puts the whole thing in a nutshell.

• (12:30 p.m.)

However, Mr. Speaker, there is a heartening kind of movement down at the grass roots in communities. In recent years people have been showing an increasing desire to take more responsibility, to express their concern in regard to all kinds of problems, social, health and welfare, educational; problems of business expansion, developmental problems of every kind. They have shown

their desire to play a part in making decisions relating to their future well-being. This movement is counteracting this destructive mechanization of man, and is doing so in a very encouraging way; because we certainly need, in the latter part of this century, a kind of human renaissance that will parallel the rapid advances that have occurred in technology and other fields during the earlier part of this century. The voice of the individual is increasingly being directed to the ear of Governments, and this Government must heed and provide definite leadership and concrete encouragement in this interflow of communication.

Those who do research in our universities, hospitals and other community fields need to be given funds, freedom and security of tenure. At the time of the National Retardation Conference here last fall I was talking with the head of a training school in Saskatchewan, who told me that he had a great deal of trouble getting a research psychologist and holding him. On the last two occasions —as happens all the time—a research project had been started, and the research man hardly got settled in when he had to send a report justifying his program in order to get his grant for the next year. This kind of thing is discouraging. Grants provided on a yearly basis are just ludicrous from the standpoint of any kind of valuable research taking place. So these people were lost; one of them went to the United States. This is one of the reasons we have a brain drain out of this country.

Mr. Deputy Speaker: Order, please. I hesitate to interrupt the hon. Member but her time has expired. Does she have the unanimous consent of the House to continue her remarks?

Some hon. Members: Agreed.

Mrs. Jones: Through you, Mr. Speaker, I want to thank hon. Members for this courtesy. I will be very brief. I want to say something about the removal of the tax on drugs. I noticed that the Minister of Finance decided that this matter should be referred to the Special Committee on Food and Drugs. This I found somewhat surprising, because I had felt that the consensus was that this tax should be removed. I do not know of anyone in this House who would oppose that. I put a question on the order paper last July, and the answer given was that it would be dealt with during the preparation of the budget.

[Mrs. Jones.]

I realize that the removal of the tax on drugs will not be any great bonanza and will really, practically, amount to only a few cents on the dollar. But this is something which is an added burden on people who are suffering illness and need medication, and I think the tax should be removed. This certainly could be done in the interim period before the recommendations of the Hall report in regard to prescription drug services are implemented. I would like to see this done, Mr. Speaker, and I do not quite know why the question was referred to the Special Committee on Food and Drugs.

At this point I want to speak very briefly on a subject that is of special interest to the people of Saskatoon at the present time. Parliament votes to give in the neighbourhood of $100 million a year to the C.B.C. This money comes out of the public purse; it is provided by the taxpayers. Recently, without reference to Parliament, an additional $10 million was allocated to the C.B.C. to provide an extra broadcasting centre for Expo '67.

I want to say something about the establishment of a C.B.C. channel in Saskatoon. The people of Saskatoon and the Saskatoon *Star-Phoenix* want to know about this. From inquiries, I find that in June, 1963 an application was made by the C.B.C. for the reservation of a channel in Saskatoon. I believe at that time ten channels across Canada were under consideration. The Board of Broadcast Governors refused to consider the reservation of all these channels except two, one for Saskatoon and one for Saint John-Fredericton. I understand that at the request of the then Secretary of State, the present Minister of Transport, a troika committee was set up including Dr. Stewart, Mr. Jamieson, who was then President of the C.A.B., and Mr. Ouimet. In the fall of 1963 this committee of three submitted a report on the radio and television situation in Canada. I further understand that on the basis of the report of this committee it was decided that applications for new and alternative television services could not be approved until July 1, 1964.

That was the first freeze. Why this freeze was made, I do not quite know. It is interesting, however, and I do not want to say anything further on this matter except to note that the Members from the constituencies which these channels would serve are all on the Official Opposition side of the House.

The present Advisory Committee on Broadcasting was set up on July 6, 1964;

then the whole question went into a really deep freeze and we are told that we must wait until the committee finishes its deliberations —this is supposed to be accomplished by next month—at which time a report would be produced. This is all very interesting, Mr. Speaker, but I think there are many questions that still could be asked about this matter. I mention it because the people of Saskatoon are at the present time busy signing a big petition to present to the Minister responsible for reporting to Parliament for the C.B.C., and I believe they are quite responsible in this kind of attitude. I hope their efforts will produce some results in this regard.

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I would like to use the time I have available in this debate for two purposes; the first to make some general observations about the budget, and the second to deal in rather more detail with the economic and human problems arising out of the Canada-U.S. automotive agreement.

• (12:40 p.m.)

In a general discussion of the Budget, I must say on behalf of my constituents that they are plainly very disappointed. Everyone tries to give epithets to a budget, and I would say that this one is very much a status quo budget. Last year's budget was a stand pat budget; and I am afraid I shall run out of synonyms for conservative—with a small "c"—no change budgets if the Minister continues to produce this type of budget. Because it is our contention, Mr. Speaker, that a budget can be used as the instrument of social justice, it can be used as the instrument of economic planning; and I find neither of these in this particular Budget.

In my riding most of the people are workers in industry, and I would say that a fair average wage would be $5,000 a year. Many of the people in my riding are old age pensioners trying to eke out an existence on a pension of $75 a month. I would think that if we are to have—and we have to welcome it—a measure of relaxation from taxes, that relaxation ought to be applied to those who most need it. If we are to have social justice in this country it means a greater degree of equality; it means helping those who are in difficulties. It seems to me ludicrous to be talking in the Speech from the Throne about wars on poverty, and then a little later producing a budget the effect of which is to give an added income of $6,000 a year to those—

Mr. Gordon: Oh, please.

Mr. Brewin: I am sorry; my tongue slipped for a moment, and I did not mean to arouse the Minister from his present relaxation. I meant, of course, to say $600. I do not believe a person with an income of $30,000 needs an extra $600 at the present time. I think most of those fortunate enough to be in that bracket would continue to be willing to pay the taxes needed to effect social justice and carry out a war on poverty. I am quite certain that the people in my constituency would rather forgo the $30 a year they are supposed to be saving in order to see that the older people in their midst do at least receive $100 a month.

I have had many, many letters, as has, I am sure, the Minister and I imagine all other hon. Members, before the Budget came out urging that if there were to be tax reductions they should take the form of relieving those at the lower end of the income scale from the necessity of paying income taxes at all by means of raising the exemptions. I have also had letters, as I imagine has every other hon. Member of the House, saying how extraordinarily difficult it is to ask older people to live on $75 a month. If we are to use the Budget as an instrument of social justice, then this is what we should be doing. That is why I say my constituents will be disappointed in this particular Budget.

This Budget does not have an expansionary or growth effect, as I see it. If one takes the situation, as one must, in light of the immediate economic effects of the Canada Pension Plan, the net result is that in the year 1966 most of the people in a constituency like mine will in fact have less money to spend on the necessities of life and on looking after their families. I illustrate that by pointing out that if we take the average taxpayer in my riding who is earning $5,000 a year by way of salary or wage, in 1965 he will pay $15 less in income tax. In the year 1966 he will pay $30 less. But in the year 1966 he will be obliged to pay, or it will be paid for him out of his wage or salary, $79.20 to the Canada Pension Plan fund, quite apart altogether from what his employer has to pay; and as we all know, no benefits become payable until 1967.

I do not mean for one moment to suggest that we do not welcome the Canada Pension Plan; and it is, of course, necessary in a contributory plan to start paying contributions before you can begin to receive benefits. But

the adjustment of income tax should be directed toward seeing that in the lower income brackets the effect of the Canada Pension Plan does not bring about a reduction in the purchasing power of the average worker. Of course if my constituent who is earning $5,000 a year happened to be a self-employed storekeeper he would have to pay $158.40 to the Canada Pension Plan; therefore his saving by way of income tax over the two years would be more than eaten up and would be very much exceeded by his payments to the Plan. So the net result of the operation will be less income in the pocket of the ordinary person for consumption purposes than was the case before.

I think this state of affairs is a thoroughly traditionally-minded approach on the part of this Government, which is trying to justify a tax reduction of $600 for those with incomes of $30,000 while conferring on those of small or modest means minute benefits. In fact, some receive no benefits at all. This does not correspond, as I understand it, with the advice of the Economic Council, which urged the necessity for maintaining purchasing power as an anti-deflationary method of maintaining a high level of demand and employment. The Minister of Finance must be quite satisfied, from the form of his Budget, that no sort of expansion was necessary. He took comfort, as we all do, from the fact that there is a reduced rate of unemployment, the figure now being 3.9 per cent or nearly 4 per cent of the working force. But that is not a satisfactory level of employment, and it seems to me that we should continue to buttress demand by giving tax reductions to the people who need them the most and who would spend the money the quickest.

The most retrogressive step in the Budget is one which no doubt will be hailed with the greatest enthusiasm by supporters of the Government. This is the proposal to create a Canada Development Corporation. We in this party have believed in the necessity for a Canada Development Corporation. We believe we can provide for and expand economic growth by a publicly owned, publicly directed marshalling of investment funds and their integration into an over-all plan for the growth and expansion of the Canadian economy.

What the Minister of Finance has proposed, as I understand it, is a very different thing. A Corporation will be set up by a contribution of $100 million from public funds; the borrowing of another $100 million, perhaps from public funds; the transfer of the highly successful, publicly owned Polymer Corporation to the new corporation; and the raising of the balance by various means, including insurance companies, trust companies, state trusts, individuals, and I think provincial governments were mentioned. As I understand it a limit is to be imposed on contributions by any one individual or body. The limitation is to be 3 per cent of the total capital involved, which is to be $1 billion, or a limitation of $30 million.

I am sure not too many Canadians or companies other than large corporations will have $30 million to invest. This corporation is not to be publicly owned or publicly directed. Its policies will not be integrated in an over-all economic plan controlled by the Government, but in a short time I suggest it will be controlled by the larger shareholders. Anyone who is aware of the economic facts of life knows that you do not need a majority of shares to control a corporation. If the various insurance companies and other financial institutions each subscribing 3 per cent get together in some sort of mutual trust or arrangement there is not the slightest doubt that they will be able to control the people who will be the majority directors.

• (12:50 p.m.)

The Minister of Finance thinks there is something magic about having a minority of directors on some boards, and that was evidenced in the legislation he produced previously; but a minority holding is not a great deal of help if the investments of these people are controlled by financial organizations.

It seems to me, Mr. Speaker, that this is typical of this present Liberal administration. It starts out with an announcement about Liberal and Progressive policies, most of which it has borrowed from the Party of which I am a member. We have talked about Canada Development Corporation for years. The Minister has borrowed the name, but the actuality is something different. I know he will feel that he is being attacked from both sides, because I notice the financial press is beginning to criticize him on the ground that this is a socialistic experiment. It is nothing of the sort.

Mr. Gordon: Would the hon. Member permit a question, Mr. Speaker?

Mr. Brewin: Certainly.

Mr. Gordon: I wonder whether he has been communing with Mr. Donald Fleming in respect of this particular matter, because he seems to be taking the same line.

Mr. Brewin: That gentleman is both a personal and professional friend of mine, but when I want to ascertain things about financial policies I do not consult Mr. Donald Fleming. I entirely and totally disagree with Mr. Fleming. I assure the Minister that I would be very happy to protect him from the accusation of Mr. Fleming that he is bringing in some sort of socialistic institution. It is far from that. He is bringing in an institution which will help to bolster a private investment fund for financial institutions which are now doing very well. I realize that Mr. Fleming is a director of a number of organizations which perhaps feel their interests are affected by this proposal, but I do not find his contribution at all helpful.

I suggest to the Minister that if we are going to have a Canadian Development Corporation it should be in such a form that the public will have control, so the policies of this Corporation can be part of an economic plan for the benefit and expansion of Canada as a whole, consistent with the advice that should be given to the Government by the Economic Council and other instruments of economic planning and advice. If we do not do that we will get something which in name is a Canada Development Corporation but in fact is another superfluous institution.

I indicated that I intended to deal with the automobile agreement made between Canada and the United States which was announced on January 10 by the Minister of Industry. We in this Party, and I believe a great many people outside as well, believe this agreement is generally sound. It does hold out the hope that eventually there will be an expansion of Canadian markets. It does provide for the integration of this industry, and we hope and believe that in this movement toward more free trade we will be putting the Canadian industry on a sounder basis. However, we know this is only an experiment and that other action along this line may be expected in respect of other matters.

There are a number of matters connected with this automobile agreement which are of tremendous importance because, as I say, this is a change in the whole trade pattern of Canada. We are, however, disquieted by a number of things. This action was taken by Order in Council, I presume under the auspices of the Tariff Act rather than by legislation, so we have not had an opportunity in this House of discussing the details of this plan or of having them explained to us.

There are two specific features of this agreement which we find extremely disquieting. One is the fact that we are told that eventually, after a long term, the Canadian consumer may receive the benefit of reduced prices for automobiles. At the present moment the effect of the plan will be to give a bonus of roughly $50 million in reduced duties to the three main Canadian automobile corporations which, as everyone knows, are subsidiaries of United States companies. This reduction is not being passed on, and the Government in making this agreement with the automobile manufacturers does not seem to have sought to exact any term which would require the passing on of this $50 million in reduced prices to the Canadian consumer. Prices have remained exactly the same. The expectation of reduced prices has not been realized and may not be realized for many years.

I understand that the spokesmen for these automobile companies have claimed that they need the $50 million for internal expansion. These companies do not make public their profit figures, I understand, but I have every reason to believe that their profits are considerable and that these are large and well to do corporations, perfectly able to finance their expansions without, as it were, a bonus of $50 million.

I suggest that when future plans of this sort are evolved part of the structure must be in the form of an undertaking by the manufacturers who are to benefit to pass on that benefit in reduced prices to the consumers. It has been suggested that increased competition may bring this about, but who seriously believes there is effective competition in respect of the prices of automobiles among the very few companies which are in this field? We know these companies live in a regime of managed prices. I suggest that when the Government of this country enters into agreements of this sort with other countries for the benefit of manufacturers in this country—and it is merely incidental that they are subsidiaries of United States companies—it should exact as part of the agreements undertakings that the benefits will be passed on to Canadian consumers.

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. Brewin: Mr. Speaker, I was dealing with the disquieting factors arising out of the United States-Canada automobile agreement and I had dealt with one, namely the failure to pass on the benefits of reduced costs to the consumer. I now want to pass on to the second disquieting factor, the failure of the Government to make clearcut, adequate and timely provision for the individuals dislocated or affected by the adjustments to be made as the result of the agreement. It would, I suggest, be most unfair and it would be an effective deterrent to the working out of more agreements of this sort in the future if the burden of the adjustment were to fall on individual employees and their families.

I have already pointed out, Mr. Speaker, that it is estimated that some $50 million will be saved by the three major companies involved by way of reduction in the duties that they are required to pay. Canadian consumers can also hope to benefit in the future. But it would be totally wrong if the benefits that are going to the companies now and the benefits that we hope will be passed on to the consumers later were to be achieved at the expense of serious economic loss and the loss of jobs by those in the industry. I suggest, therefore, that the Government has a duty to ensure that individuals in the Canadian automobile industry directly affected should not suffer economic loss as a result of the agreement.

I want to make a contrast, which does no credit to the Government I think, between the situation in the United States, the other partner to the agreement, and the situation in Canada. Under the American legislation, which is being discussed at the present moment in Congress, there is detailed provision for the protection of those who are affected. I urge that Canadian workers are entitled to protection at least as definite and at least as generous as that being accorded to American workers in the same position. I have here the American legislation, which I do not have time to go into in detail. The Bill is H.R. 6960 and Title 3 deals in detail with what is called adjustment assistance. I might summarize some of the effects of this adjustment assistance. It supplements the benefits payable under the United States Trade Expansion Act of 1962 and proposes liberal guidelines for the granting of adjustment assistance benefits over and above those provided for in the Trade Expansion Act. Adjustment assistance benefits will be the equivalent of 65 per cent of the individual worker's average weekly wage or 65 per cent of the national manufacturing average weekly wage, whichever is less. Excluded from these benefits, which is a very important point in working them out, are the supplementary insurance benefits payable under the collective agreements within the industry itself.

The Canadian situation has been very different. The United Automobile Workers have been seeking for months to find out from the Government just what action was proposed. The prospective lay-offs have been anticipated for a matter of months but it has not been possible to find any equivalent action. I presume one of the reasons for this is that action in Canada has been taken by Order in Council and not by legislation. I suggest that we need legislation spelling out the assistance to which dislocated workers are entitled which is just as clearcut as the American legislation.

I know that even yesterday a deputation from the United Automobile Workers' Union called upon Members of the Government and spoke to the Minister of Labour (Mr. MacEachen), the Minister of Industry (Mr. Drury), I believe, and the Secretary of State for External Affairs (Mr. Martin), who naturally has a special interest in this matter. But it is just not good enough to have the sort of vague announcement that the Minister of Industry gave us today in answer to a question from the hon. Member for Cape Breton South (Mr. MacInnis). All he said was that the Department of Labour is going to mobilize its efforts, and we are told that some formula is going to be worked out. My suggestion is that we need action on this matter at once. The industry needs it, the people of Canada need it and so does Parliament because this is a very important problem. If the program of developing trade on a continent-wide basis is to be expanded, we must be sure that the result of this first experiment is not dissatisfaction, dislocation and hardship to individual workers.

• (2:40 p.m.)

We know already, and we were told today, that the first big lay-off at the Ford Motor Company of Canada has been reduced, perhaps as a result of discussions, to some 49. However, in the course of this year this one plant will probably lay off 1,500 people. They may be able to obtain other employment, and I hope they will. The Minister was optimistic about this. I suggest we need something to

guarantee to the people concerned that they will be retrained, and their expenses of relocation will be paid if they have to go to other areas.

Mr. Moreau: Will the hon. Member permit a question?

Mr. Brewin: I have very little time, but I suppose so.

Mr. Moreau: Is the hon. Member not aware that these lay-offs at the Ford plant are of a temporary nature while renovations to the plant are being made?

Mr. Brewin: Of course they are of a temporary nature. I suggest to the hon. Member who asked the question that to be laid off temporarily for six months and have a substantial reduction in income is not a light thing to be disregarded. What is required is some form of income maintenance during the period of retraining or relocation, so that it is not a burden on the individuals or their families.

Now, Mr. Speaker, this matter has come to the attention of the Congress of the United States in terms that I do not believe are too flattering to this Government or this country. The United Automobile Workers, through their Vice President Mr. Woodcock, are making representations to the Committee of the House of Representatives, which is sitting at this moment, to look into the United States treaty and the statute which is giving effect to it. The automobile workers are in favour of the general principle of this particular agreement. However, the Vice President of this very large organization had this to say, according to a report:

He also decried the failure of the Canadian Government thus far to provide protection for Canadian workers and their families similar to that proposed in the United States and he scored auto manufacturers for failing to pass on to consumers in Canada the $50 million a year savings they are realizing as a result of the removal of the Canadian tariff.

Woodcock told the committee the UAW was able to support the bill because of the machinery it sets up to provide adjustment assistance for American workers who may be injured through loss of employment as a consequence of the act.

"In the absence of such provisions," he said, "we would have no alternative but to oppose it."

The agreement has been entered into because our Government believed it would bring benefits to our country and to the people of our country, but, in achieving those benefits for the people as a whole, adjustments will undoubtedly have to be made within the auto industry.

Jobs will be lost, new jobs will have to be found and other adjustments will have to be made by auto workers in this country as side effects of an action taken by our Government for the benefit of the country as a whole.

Farther along, this report reads:

Commenting on the failure of the Canadian Government to provide protection for Canadian workers displaced by reason of the new agreement, Woodcock called on the Johnson administration to make known to the Canadian Government the concern of the United States that adequate safeguards be provided for the Canadian workers affected by the agreement.

Do we have to be told by the President of another country that we should look after our own workers? I think this is a most unhappy and unsatisfactory situation. I continue to quote:

Refusal of the Canadian Government to act will certainly jeopardize the fulfilment of hopes that the principle of the automotive products agreement will be extended to other industries, Woodcock said.

For, if the Canadian Government refuses to step up its responsibilities toward those adversely affected by the agreement, he warned, Canadian workers can be expected to oppose vigorously the negotiation of other similar agreements.

Then, he went on to deal with the laying off of some 1,500 or 1,600 from the Ford Motor Company of Canada, and he said this, which I feel is very sound:

The industry is morally obligated to pass those cost savings and production. Lower prices would mean increased employment—

This does not read too clearly.

Lower prices would mean increased employment in both countries for auto workers as well as workers in other industries which supply materials, parts and components used in auto factories...

Finally, he urged that the Johnson administration make representations to the Canadian Government, pointing out that maintenance of artificially high prices serves only to enrich a handful of U.S. corporations at the expense of Canadian consumers and Canadian and U.S. workers.

The words used by Mr. Woodcock before the committee of the House of Representatives of the United States are words which it should not have been possible to put forward in another country. This Government has known, as I say, for months that this difficulty was going to come up. All we have had during this time have been vague and general references. If we have not the legislation in Parliament—these Orders in Council are passed I presume under the Customs Tariff—we should spell out as they have done in the United States precisely what is the machinery required to bring about this adjustment.

Mr. Diefenbaker: Will the hon. Member allow a question?

Mr. Brewin: Yes.

Mr. Diefenbaker: Can he tell the House what are the specifics of the United States plan regarding those men who are displaced, either permanently or temporarily.

Mr. Brewin: I assume the right hon. gentleman was not in the House when I spoke a little earlier. I did try to spell out part of the program.

Mr. Diefenbaker: If the hon. gentleman has done that, I will withdraw the question.

Mr. Brewin: I have done that in part, and since I do not have too much time I do not want to do it again. I think the hon. gentleman can either find it in *Hansard* or I will make it available to him.

Mr. Diefenbaker: I will read what the hon. gentleman said.

Mr. Brewin: I want to call attention to the adjustments that have been requested of the gentlemen in the auto industry itself, and I want to ask some Member of the Government to tell this House specifically during this debate what the Government proposes to do about them. These are the requests:

1. Preferential hiring of displaced workers to insure that those who have lost their jobs as a result of the program will be given every possible assistance to remain in the industry and not lose seniority, pension, vacation and other credits, as well as the level of wages they had achieved in the industry,

2. An earning-related adjustment benefit payable during the period of transfer from one job to another or during the period of retraining;

3. Transfer allowances covering the cost of transportation of the displaced worker and his family as well as his furnishings to a new location after he is re-employed or to a training centre away from home;

4. Federal Government action to end age discrimination in hiring practices in the industry so that older workers who may be displaced will not be refused employment with auto producers whose work force is expanding as a result of the program;

5. Federal Government initiative to obtain management co-operation in having advance notice of major changes in the levels of employment in the auto and auto parts industry, in order to minimize the effects of dislocation;

6. Supplementary pension benefits payable to older displaced workers who wish to retire early at their own option rather than remain—

Mr. Deputy Speaker: Order; I regret that I have to interrupt the hon. Member because his time has expired, unless he has the consent of the House to continue.

Some hon. Members: Agreed.

Mr. Brewin: I thank the House very much. I shall not abuse the generosity by continuing for more than one or two extra minutes.

[Mr. Brewin.]

I am just reading the specific things the workers in this industry asked some months ago should be incorporated. I think I had come to the supplementary pension benefits. Last, but by no means least, the workers in this industry have said that, in order that they may know what has happened, in order that Government, management and the union —it is a strong union with adequate research resources—in order that all of us may be able to plan together to make the adjustments with the least possible dislocation, we ask for the creation of a tripartite council consisting of one part Government, one part management and one part union, so that the workers in this particular industry will not have to read press releases to learn what is happening. They will be able, through this means, periodically to consult as to the required adjustments.

• (2:50 p.m.)

I ask the Government to tell the House some time why this proposal has not been carried out. Is it because industry is unwilling or that management are unwilling to carry it out? If it is so, I suggest, whatever be done in this case, that in all future cases where we have a similar program of this sort which requires adjustments and which involves agreements with the companies, the manufacturers who are going to benefit from this sort of agreement should be regulated by having included in the plans and agreements the setting up of adequate tripartite councils to see that the adjustments are made as efficiently and as harmoniously as possible with the individuals concerned.

I thank the House for giving me a little extra extension of time. I do hope that during the course of the debate the House may be made aware, not in vague generalities but in specific statements, of what legislative or administrative procedures are going to be undertaken to make sure that this new experiment in this new form of treaty is carried out in a way that will encourage the Canadian people to try it again. If this is not done we will continue to have rigidity. It will continue to be impossible to make treaties of this sort and carry them through because of the ill effects of the adjustment on a few people. Beneficial trade changes will be difficult unless we can carry this through. I cannot see why the Government cannot introduce a trade expansion act, or trade adjustment act—I am not sure which it is—such as the United States has, and also introduce legislation dealing specifically with adjustments in this industry.

Hon. Mitchell Sharp (Minister of Trade and Commerce): Mr. Speaker, I begin these remarks by extending my congratulations to the Minister of Finance (Mr. Gordon) for the budget message he delivered to us the other day, a message he delivered with such grace and eloquence, and I congratulate him most of all because of the demonstration that he gave us on that occasion of his qualifications for the post that he occupies and of his successful stewardship over our national finances.

Some hon. Members: Hear, hear.

Mr. Sharp: Mr. Speaker, I say these things because I recall only too vividly the abuse that was showered on my hon. colleague some two years ago in the House. On that occasion I had the privilege of helping to defend him against the very unfair attacks made upon him. I believed then, as I believe now, that Canada has never had a more dedicated or a more competent Minister of Finance.

When the Minister of Finance took over the management of our finances they were in a state of disorder and confusion. There had not been an adequate accounting for a couple of years, as is better known to those who were Members of the House at that time than it was to me; but I heard something about it from the outside, and I remember only too well, since I was engaged in an election campaign against a former minister of finance, how much the disorder and confusion of those days told against the government then in office.

Not only were the finances of our country in a state of confusion when this Government and my colleague took over, but there was even greater confusion and uncertainty throughout the country, as I can testify since I was one of those who, at that particular time, did not have the privilege of sitting in this House and had to judge events from the outside. The greatest tribute that I can pay to my colleague this afternoon is to say that our finances are in order and confidence has been restored.

Perhaps the best evidence that I can present on this subject was produced for me yesterday by the hon. Member for Qu'Appelle (Mr. Hamilton) who gave a most extraordinary speech in the House in which, in effect, he said that his Government did not have control over policies in the financial field. He admitted this. One has only to read the speech to recognize the fact that he knew, even though he seemed to have been unable to persuade his colleagues, that the monetary policy of the country was out of the control of the Government.

The hon. Member for Qu'Appelle in the course of his speech yesterday also spoke about how the star of my hon. colleague, the Minister of Finance, was rising. I am sorry the hon. Member is not here today but I can only say to him and other hon. gentlemen that nothing delights me more. It may be that in making these remarks the hon. Member for Qu'Appelle was thinking about his own Party when trying to drive a wedge between the Minister of Finance and me, but I can assure you that we rejoice in one another's successes and we share in one another's misfortunes. So far as we on this side of the House are concerned, when the star of the Minister of Finance is in the ascendancy the Government is in the ascendancy, and we all know this.

Just about a year ago during the budget debate, the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan), as reported in *Hansard* for March 16, 1964, at page 996, said in reference to the claims of the Minister of Finance that he was working toward a balanced budget at a high level of employment:

> If that, Mr. Speaker, is a step toward a balanced budget, then it is going to be a long, long time before we attain that end.

It did not take a long, long time. It took exactly one fiscal year to reduce the deficit in our national finances to about $80 million which, when we are raising and spending such large sums of money, is the same thing as saying that our accounts were in balance. And when I think back to the years before we had the privilege of the stewardship of the present Minister to the deficits of over $700 million, then I am thankful, and I say it once again with the greatest confidence, that we have the present Minister in his present job.

But, Mr. Speaker, a balanced budget is not the only purpose or even the main purpose of Government financial policy, and in this respect I agree with the remarks made yesterday by the hon. Member for Nanaimo-Cowichan-The Islands (Mr. Cameron), and so, I know, does the Minister of Finance. The aim of this Government is and has been to balance the budget at a high level of economic activity, and we have succeeded. Not only do we have these purposes and these policies, we achieve them.

I admit, as the hon. Member has said, that a balanced budget is by no means the main purpose of Government financial policy; nor is a chronic deficit. I get the impression from listening to my hon. friend and some of his colleagues on that side that they look upon a chronic deficit as the supreme financial virtue. I have listened very carefully to their speeches because the New Democratic Party always gives me the impression of being the party with a halo around its head, as having invented all the good things, and being the only Party in the House that is opposed to sin. I am never very much persuaded by what I hear, but one thing does impress me; that is, I do not think they realize that it is important for the attainment of high employment, that it is important for the elimination of unemployment, that the people of this country and of the world as a whole have confidence in the financial integrity and stability of Canada.

• (3:00 p.m.)

One of the reasons my hon. friends do not make the impact upon the country that they would like to make is that the public believes they do not understand that. Now, Mr. Speaker, when one looks at the economy of the country as distinct from its national finances, the contrast with conditions two years ago is even more striking. We are undoubtedly experiencing one of the great periods of expansion and certainly one of the most prolonged in the history of the country. I do not say by any means that this is due only or primarily to the policies of the Government. What I do assert with confidence is that the policies followed by this Government have helped, and helped substantially, to achieve the results that have been achieved. One of the best evidences of this is that although we are, of course, as we always are, influenced greatly by conditions abroad, and particularly in the United States, our economic record surpasses that of the United States.

I give some of the credit for this to the policies of my colleague the Minister of Finance and of the Government as a whole. When I say this, Mr. Speaker, I think about some of the complaints from the Opposition, that our policies were going to damage the economy; that they were going to bring the expansion to a halt. Indeed, on every occasion that I have heard any speaker from the other side speak in a budget debate, they have said, "The Government is not following the right policies. They are going to bring this expansion to a halt. They are very fortunate; they have horseshoes around their necks; they have four-leaf clovers in their hands. It is not due to anything the Government is doing; it is just good fortune. The policies they are following are wrong. The country is prospering notwithstanding the stupidity of the Government". This is the kind of argument I have heard over these last two years.

I would like, by way of answer, to point to the record, and the best record I can point to in this respect is that of the investment intentions, plans and expenditures of Canadian businessmen. If in fact the policies of this Government had been of such a character as has been charged by the Members of the Opposition, that would have been reflected in the actions of Canadian businessmen. I remember in particular the moans from the other side of the House about the effect of our policies, particularly our taxation policies, upon business investment in new plant and equipment. It began two years ago; the complaint was made that businessmen were going to be discouraged. Were they discouraged?

Mr. Skoreyko: Yes, they were.

Mr. Sharp: At the beginning of 1964, by way of answer to this charge—which is again being repeated—I tabled the first estimate of investment intentions for the year 1964. I tabled that report with some satisfaction because it showed an increase of approximately 8 per cent in investment intentions of Canadian business. In spite of what the Opposition characterized as the discouraging policies, or the detrimental policies, of this Government I was able to report to the House, at the middle of the year 1964, after we had made another survey of the intentions of Canadian businessmen and of their expenditures, that expenditures in 1964 were going to be, not 8 per cent better than 1963 but 16 per cent better. This is the kind of discouragement we were giving to Canadian business. I heard my hon. friends say at that time that this was only the effect of the sales tax, that the businessman was trying to get ahead of the increase in the sales tax. But when we did the survey again at the beginning of 1965, it showed that businessmen intended to invest another 14 per cent or 15 per cent over and above what they had invested in 1964. If this is discouragement, it is the kind of discouragement that I think we would all like to see. A 30 per cent increase in the level of business expenditures for new plant and equipment, in two years—that is the result of the policies being followed by this Government.

Mr. Skoreyko: What kind of average has been maintained since the last war. What are you talking about.

Mr. Sharp: There has never been, in any single year or in any two-year period, such a large percentage increase—

Mr. Skoreyko: Nonsense.

Mr. Sharp: —in the volume of business investment. I can recall only one previous comparable increase and that was not under the previous administration but under a man who has been vilified in this House, Hon. C. D. Howe. This increased investment means additional jobs now in the equipping of these new factories, and it means additional competitive power in future years. When businessmen act as they are now acting, they are expressing their confidence in the future of Canada. While I know that all businessmen would like to have taxes reduced, and I know that they particularly dislike the sales tax on new machinery and equipment, it is evident that they do not regard the policies of this Government as discouraging to enterprise.

It may be—and it has been argued in this House—that the Minister of Finance should have made a more thoroughgoing review and revamping of our taxation structure; but I would point out to my hon. friends opposite that it was the Government which they supported and which was in office up until 1963 that appointed a Royal Commission to look into the structure of Canadian taxation, and I find myself in agreement with the Minister of Finance that we should wait for the report of this Commission before undertaking any thoroughgoing revamping of our taxation structure.

Mr. Speaker, may I go on to say a word about our export business and particularly about our exports of manufactured goods. The hon. Member for Qu'Appelle (Mr. Hamilton) when speaking yesterday said that this Government had not been giving sufficient encouragement to exports. I would challenge him or any Member of this House to find a year in our history with a record comparable to 1964, when there was a 19 per cent increase in the value of Canadian exports.

Mr. Skoreyko: Isn't that because of the 92½ cents dollar?

Mr. Sharp: It may be, as has now been interjected and as other people have said, that there are many factors involved in this, and I quite admit that one of the most encouraging factors has been the devaluation of the Canadian dollar, which was urged upon the Government for a long time before it was put into effect.

Mr. Diefenbaker: And opposed by the hon. gentleman and every last one of them over there.

Mr. Sharp: Not by the—

Mr. Diefenbaker: The hon. gentleman opposed it himself.

Mr. Gordon: Mr. Speaker, on a question of privilege, I would remind my right hon. friend that I recommended that course of action in February, 1960.

Mr. Diefenbaker: Do you have no influence over your colleagues?

Mr. Gordon: I was not in politics then.

Mr. Woolliams: How was it the Prime Minister went across this country talking the way he did?

• (3:10 p.m.)

Mr. Sharp: I think the only objection which anybody on this side took to the devaluation of the Canadian dollar was the unnecessary exchange crisis which was produced at the time. I am sorry that the hon. Member for Qu'Appelle (Mr. Hamilton) is not here because I do not think that anybody in Canada did more to contribute to that unnecessary exchange crisis than he.

Mr. Woolliams: Would the Minister answer a question. Is it not a fact today that our imbalance of payments with the United States is about as great as it has ever been at any time in the economic history of this country?

Mr. Sharp: If the hon. Member wants me to extend my remarks to go into the great improvement in the balance of payments position with the United States I would be happy to do so. The balance of payments deficit in 1959, when hon. Members opposite were in charge with an enormous majority, was $1,500 million; last year it was less than $500 million.

Mr. Woolliams: Would the Minister deny that the imbalance for the last fiscal year was $1,379 million, which is the figure put upon it by the Dominion Bureau of Statistics?

Mr. Sharp: Yes, Mr. Speaker, I quite admit that our bilateral balance with the United States is much too large; that is one of the reasons I hope my hon. friends opposite will support a little more fervently than they have the agremeent with the United States on automobiles, because this is directed at the

root of the problem. When I hear their captious criticisms I wonder whether hon. Members opposite are really interested in the fundamental problems affecting prosperity, and continuing prosperity, in this country.

May I say a word more about exports. I have talked about the 19 per cent increase, and as Minister responsible for the Canadian Wheat Board I quite freely acknowledge that a very large part of the increase in exports last year was due to wheat sales. I know that my hon. frends opposite who represent the prairie provinces are happy that that was so, but even if we eliminate wheat the increase in the export of other goods was 17 per cent, which was the largest year to year increase in exports in our history.

While speaking of wheat may I say this. Although in the present crop year we are not going to attain the very remarkable all-time record of last year, this will probably be the second largest crop year for exports of wheat and flour in our history. Moreover, I have fixed a target and announced it, so that everyone can look at it. Our objective for this crop year and the two following years is 1,200 million bushels of wheat and flour, which is more than has ever been exported in any three-year period. When I hear hon. Members opposite say that we do not have objectives for the expansion of Canadian trade, I can put forward that figure as a prime example of our courage and enterprise.

The most important aspect of the increase in exports last year was the continuing increase in the export of manufactured goods. I say this because it has been alleged that the policies we have been following have not been sufficiently expansive in this direction. I have acknowledged, and I acknowledge again, the initiative taken by the previous Government. They took some very useful initiatives in expanding trade. I have always considered, and I do now, that this is an area in which there is precious little room for partisanship. It is an enterprise in which we all have such great stakes and we should join in the efforts that are being made. However, I do want to point out that the increase in exports of manufacturing goods has been nearly 100 per cent in the last three years. That is, the increase in the export of end products, all types of machinery, equipment, finished consumer goods, which rose by one third last year, has increased by nearly 100 per cent over the last three years. That is the measure of the continuing emphasis which this Government is giving to the export of manufactured goods.

May I also add a word about our trade with Britain which, for some reason I find difficult to understand, has not been commented upon by any of the speakers who have participated in this debate. When this Government took office in April 1963 we found the British people and the British government extremely disheartened about their trade with Canada. I took advantage at the earliest opportunity of going to London to discover the reasons and to try and remove the psychological block that seemed to exist in relations between Britain and Canada with respect to trade. My colleague the Minister of Finance (Mr. Gordon) made a trip as well for the same purpose, and we found out the reasons the British were so disheartened. May I recall what they were.

First of all, they were very disheartened by the memories of the attitude of the previous government to Britain's application to join the European Common Market. This seems to have had a peculiar effect upon the British, who felt that somehow Canada was no longer interested in the welfare of the British people and would be willing to stand in the way of what they considered a constructive move.

Then their exports to Canada had been hurt by the devaluation of the dollar: One of the unavoidable effects of that step. But more important, their exports had been very badly damaged by the surcharges which had been imposed, as I said before, to meet the most unnecessary exchange crisis which this country has ever had to suffer.

Mr. Diefenbaker: What about 1948? That was more serious.

Mr. Sharp: May I say to my right hon. friend that that exchange crisis arose out of the generosity of the Canadian people in helping in the post-war reconstruction of Europe.

Mr. Diefenbaker: Let's be reasonable.

Mr. Sharp: The exchange crisis we had in 1962 was an exchange crisis that arose out of the folly of the Government.

Mr. Diefenbaker: Just nonsense.

Mr. Sharp: My right hon. friend says that is just nonsense. I think about the incident when the hon. Member for Qu'Appelle broke his oath of office, or at least he seemed to, when he said that there were some in the Cabinet who wanted to fix the Canadian dollar at 95 cents, that he wanted to fix it

at 90, so they split the difference and fixed it at 92½. I remember the effect of this on the financial community of the world and of Canada. They were a little worried lest the then Minister of Agriculture's counsel would prevail and we would be in for another exchange crisis similar to the one we were then going through. The surcharges caused very great damage to trade between Britain and Canada. The British also felt that they had been unfairly discriminated against by changes made by the previous administration in the method of valuing goods from overseas for dumping duty. Finally they had been profoundly disturbed by the high unemployment and general lack of confidence in the ability of the then Canadian Government to handle the affairs of this country.

Many of these causes of discouragement, Mr. Speaker, have been removed. There is now renewed confidence in the future of Canada. The British people know that this Government, like previous Liberal administrations, is sympathetic to the desire of the British people to improve their trade.

Mr. Diefenbaker: When did it become sympathetic?

Mr. Sharp: Since we took office.

Mr. McIntosh: Have they heard of Rivard yet?

Mr. Sharp: The only one of these discouragements and causes of disheartenment which remained was the method of valuation, and for this reason I was very pleased as a Member of the Government to support my colleague the Minister of Finance in the announcement he made in the budget speech that he was going to bring forward for revision the Customs Act in an effort to remove what appeared to be inadvertent discrimination against overseas suppliers, including the British.

• (3:20 p.m.)

It is my hope and expectation that this will finally remove the psychological block to British export efforts. I also hold hopes in respect of British investment in this country, but this is not within our control, the British Government at this time facing an exchange crisis of its own.

I have heard from representatives of the British Government that the latest announcement by the Minister of Finance has had a very good effect on British business. As the Minister of Trade and Commerce I wish them the greatest success in their efforts to obtain a larger share of Canada's import market.

In conclusion, I submit that the Minister of Finance (Mr. Gordon) has presented a budget suitable to our times and to the needs of this country. If it turns out that this is the last budget before an election I will have no concern whatsoever, nor do I think anyone on this side of the House will be concerned. In any event I do not think it is possible as some individuals on the other side of this chamber would suggest—perhaps that is an indication of how they would behave if they were in office—to bribe the electors in the form of giving them something they do not deserve in order to win their votes.

Some hon. Members: Oh, oh.

Mr. Sharp: I can only say to my friends opposite that I prefer the honest approach of the present Minister of Finance, who has put before this country an honest and straightforward accounting of the affairs of this country. I share his pride in the state of the economy today and in the state of our national finances.

Mr. Skoreyko: Where does one find a Liberal with that kind of an approach?

Mr. Sharp: They vote for me, and I get a big vote.

This is, beyond question, the most favourable statement of accounts that has been presented by any Minister of Finance for a very long time. He has given us an accounting of the state of an economy which is more flourishing than any other at any time in living memory, and if that is not a good budget on which to go to the people, I do not know what a good budget is.

Moreover, Mr. Speaker, this budget is laying the foundation for further progress. One of the outstanding characteristics of this budget is that the Minister of Finance brought before us an accounting of last year in which he balanced expenditures and revenues and then moved forward from that position to make tax cuts in order to maintain the impetus of progress. However, I am inclined to disagree with my hon. colleague in one respect. I am not convinced that we are going to have a budgetary deficit of the size he has suggested.

The Acting Speaker (Mr. Tardif): Order, please. I regret to inform the Minister that his time has expired. Does he have unanimous consent to continue?

Some hon. Members: Agreed.

Mr. Sharp: I only need one or two more minutes to complete my remarks.

An hon. Member: Will you answer questions?

Mr. Cameron (Nanaimo-Cowichan-The Islands): Mr. Speaker, I hate to come to the Minister's rescue, but I think you will find that he has unlimited time.

Mr. Sharp: I do not intend to take advantage of any rule to speak for an unlimited period of time.

The Acting Speaker (Mr. Tardif): Order, please. The Minister does not have unlimited time at his disposal. He is allowed to speak for 30 minutes only, unless unanimous consent of the House is forthcoming. That unanimous consent has been given.

Mr. Sharp: Mr. Speaker, I believe I can complete my remarks in one or two minutes.

I was stating that when the Minister of Finance brought down his budget last year he had budgeted for a deficit because he thought that was proper action under the circumstances in order to stimulate national expansion. His approach in that regard was successful, with the result that he did not in fact have a deficit of the size he expected. Once again I think it is quite possible that as a result of his foresight and courage he may not end up with a deficit at all, that he may once again be able to balance the accounts. Certainly that is a desirable objective.

It is also my hope, on the basis of the kind of accounting that our Minister has given, and on the basis of his very courageous and forward looking policies that we will be able to proceed to the achievement of what I know is one of his objectives, and an objective of this Government, and that is a much more thorough review and restructuring of our tax system.

Mr. Donald MacInnis (Cape Breton South): Mr. Speaker, it will take me only a few moments to deal with the backscratching we have witnessed during the past 30 minutes. The Minister of Trade and Commerce (Mr. Sharp) has been very complimentary to the Minister of Finance (Mr. Gordon). I take it that he is now serving notice that he no longer intends to fight with the Minister of Finance at Cabinet meetings.

He has spoken of abuses of the Minister of Finance in the House of Commons, but overlooked mentioning what has taken place at Cabinet meetings. For his edification let me call to his attention a recent article written by Peter Newman in the—

An hon. Member: Who is he?

Mr. MacInnis: Did I understand someone on the Liberal side to ask who Peter Newman is? Whoever that was may regret that question.

Mr. Newman spoke of Cabinet battles being fought by the Minister of Trade and Commerce. He also listed a number of victories the Minister of Trade and Commerce won over his colleague, and then stated:

> At another level it was Sharp whose prairie-spawned free trade philosophy won out over Finance Minister Walter Gordon's protectionist tendencies, in what was undoubtedly the Pearson cabinet's most bitter ideological split to date: the controversy over its attitude toward the current Kennedy Round of tariff negotiations in Geneva—

The Minister of Trade and Commerce made reference to honest Liberal cabinet Ministers, and spoke in glowing terms of their financial position. All I can say in that regard is that it is no wonder the Liberal cabinet has been able to attain a good financial position, particularly when we keep in mind that a certain Minister has allegedly been involved in a $10,000 racetrack influence peddling scheme.

Mr. Sharp: Mr. Speaker, I rise on a question of privilege. Is the hon. gentleman alleging that any Minister of this cabinet ever offered any bribe while he was a Minister?

Mr. MacInnis: Mr. Speaker, I used the word "allegedly". There is no doubt that at the time of the alleged influence peddling charges, in respect of which a charge was laid, there was a Minister in the Liberal cabinet by the name of Dupuis. I do not recall his constituency at this time, and I do not mind referring to him by name, because I no longer consider him to be a Member of this House. He has not been here for a considerable period of time, unlike the former Parliamentary Secretary to the Prime Minister (Mr. Rouleau), who at least has been in attendance during the last two months on pay-days. Where else but in the Liberal Cabinet could you find a Minister who operates on the pay-as-you-go—

The Acting Speaker (Mr. Tardif): Order, please. I recognize the hon. Member for Dollard on a question of privilege.

[*Translation*]

Mr. Guy Rouleau (Dollard): Mr. Speaker, I have been away from the house because my

health was impaired by the insinuations and smears of the opposition.That is why I was away. I have now fully recovered and intend to fill the mandate given to me by my electors and to ask for another one.

• (3:30 p.m.)

[*Text*]

Mr. MacInnis: Mr. Speaker, I regret I was unable to catch what was said because I did not have my earpiece on. I made a remark about this particular Member's absence and I wonder why the Prime Minister (Mr. Pearson), with his honest Cabinet and honest Government, dismissed him from his position. I would also call your attention, Mr. Speaker, to the hon. Member's beautiful tan and ask hon. Members to look about them. Who else in the House has a similar tan, and where would the hon. Member get it around Ottawa?

Before the Minister of Trade and Commerce (Mr. Sharp) leaves I would also call his attention to those Liberal Cabinet Ministers who enjoy pay-when-they-like credit arrangements. There is no doubt that today the Minister served notice on the Minister of Finance (Mr. Gordon) of his intention not to fight any longer with him in the cabinet, as Mr. Newman indicated.

An hon. Member: Very cheap.

An hon. Member: Very true.

Mr. McIntosh: You get back to your seat.

Mr. Choquette: You will be back home after the election.

Mr. MacInnis: Mr. Speaker, the denial of privileges or the imposing of restrictions is something which each and every Member should protest when he has the opportunity to do so. I want to register the strongest possible protest against the unauthorized and dictatorial attitude of the Minister of Finance who on Monday last took it upon himself to push the public around by arranging to have 78 seats in the ladies gallery reserved for budget night. This, Mr. Speaker, is nothing short of arbitrary action on the part of the Minister of Finance, who took it upon himself to push around those Canadian people who saw fit to stand in line hopefully for a couple of hours, only to find that they were denied the seats to which they were entitled.

Mr. Gordon: On a question of privilege, Mr. Speaker, I certainly did not intend to push anybody around. My hon. friend is suggesting, I think, that in some way I was trying to make sure that a few people would be present to hear my speech. That was not my intention. I think there has been fair interest in the budget so far, and I did not have to do that.

An hon. Member: Why did you do it then?

Mr. MacInnis: The Minister says he did not intend to do so. The fact remains that he did push the public around. People who showed enough interest to come to the House of Commons and stand in line for hours were denied the opportunity to sit in the ladies gallery. They were displaced, although they had waited for hours. I say that this was a dictatorial, arbitrary and unauthorized action on the part of the Minister of Finance.

Mr. Gordon: I don't know what you are talking about.

Mr. MacInnis: You don't know what I am talking about? Did you not reserve 78 seats in the ladies gallery for personal friends? Are you denying that?

Mr. Gordon: If I may interject again, Mr. Speaker, all I am saying is that I did not know anything about it. If my hon. friend was so exercised last week, why did he not speak to me about the matter then? I do not know what he is talking about.

Mr. Moreau: Will the hon. Member permit a question?

Mr. MacInnis: This matter was raised on Monday evening with the Speaker of the House of Commons. What the Minister of Finance is doing is making liars out of those members of the protective staff who had to stand outside that gallery and turn the public away. If the Minister wishes to get further information he can check with the Speaker, with whom the complaints were registered on Monday night. Seventy-eight seats in the ladies gallery were denied to the public, although it was their privilege to have them.

Mr. Moreau: Will the hon. Members permit a question? Did he see the press reports which indicated that the galleries were not completely full on budget night?

Mr. Diefenbaker: The Minister just said they were.

Mr. MacInnis: It is quite possible the galleries were not full because people realized they were being discriminated against, and they turned around and went back home. The discrimination was very evident so possibly that is why the galleries were not filled.

I should like to give my full support to the remarks of the hon. Member for Greenwood (Mr. Brewin) who indicated his concern about the automobile agreement. I would ask the Minister of Trade and Commerce to take the opportunity at some other time to tell the House how the Canadian Government can push this agreement on the basis that it is going to improve our imbalance of trade with the United States, while at the same time the American Government is telling its people that the agreement will in no way affect the favourable trade balance that country has with Canada. You cannot have it both ways. The American Government has taken the approach that the agreement is not going to affect in any way, shape or form that country's favourable trade balance with Canada while the Canadian Government is trying to push the agreement upon us by saying that it will improve our imbalance in trade with the United States.

Mr. Sharp: It will.

Mr. MacInnis: You cannot have it both ways.

Mr. Sharp: Yes, you can.

Mr. MacInnis: After the speech made by the Minister of Trade and Commerce I would refer to the Minister of Finance as the minister of contradictions. Before doing so I would point out that it is very interesting to note that following the speech made by the Minister of Agriculture (Mr. Hays) at the Chateau Laurier Hotel on Wednesday last the Minister of Finance saw fit to get up and laughingly inform the House—why he was laughing I do not know—that the Minister of Agriculture had proved to the farmers' delegation that he knew something about agriculture. If the Minister is concerned about where I get this information he can look at page 689 of *Hansard* where he will find the statement he laughingly made that the Minister of Agriculture had proved that he knew something—and I emphasize "something"—about agriculture. It is also interesting to note that we have yet to hear a similar statement from the Minister of Agriculture about the Minister of Finance and his Department.

When I say that the Minister of Finance is the minister of contradictions I would recall what was said by both him and the Minister of Trade and Commerce a few moments ago. He claims he has always been a firm believer in the devaluation of the Canadian dollar. However, I would call his attention to this statement he once made:

[Mr. MacInnis.]

> I believe I was the first person to state publicly that devaluation caused a stagnation of the economy.

Again I say to the Minister that he cannot have it both ways.

Mr. Gordon: Mr. Speaker, I apologize for interrupting again—

Mr. Diefenbaker: You cannot interrupt.

Mr. Gordon: I can, on a question of privilege—but I have said to this hon. Member before that I made no such statement and I expect him to accept that. Everybody knows it is not true.

Mr. Diefenbaker: Every last one of your colleagues said that.

Mr. MacInnis: I agree that the Minister of Finance has said the same thing to me before, but I say to him now as I said on that occasion that he has no argument with me and I do not have any with him. If he wished to deny that statement he should have raised a question of privilege when it first appeared in the Peterborough *Examiner* on March 30, 1963, following a speech the Minister made at Cobourg on March 29, 1963. I quote it again:

> I believe I was the first person to state publicly that devaluation caused a stagnation of the economy.

If he had any question of privilege I suggest he should have taken it up with the Peterborough *Examiner* some time ago when the matter was drawn to his attention; but that is a challenge he never accepted. I would also remind the Minister that one of his first answers to a question in the House was to the hon. Member for Churchill (Mr. Simpson) who inquired about his intentions with regard to devaluing the dollar at that time. I will paraphrase and not quote the Minister's answer. It was to the effect that it would not do for any hon. Member of the House, especially the hon. Member who put the question, to cast reflections on the soundness of the Canadian dollar. A few weeks before when the Liberals were carrying on their election campaign with Diefenbucks throughout the country, the Prime Minister (Mr. Pearson) and the Minister of Trade and Commerce supported the Minister of Finance in that stand, and they lent themselves to campaigning on that basis. The suggestion made by the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan), that what this country needs is a $3 bill with Walter Gordon's face prominently displayed on it, is exactly in line with the type of campaign

run by you, and you, and you, during the last two elections. How would you like to see a $3 bill with your picture on it?

Mr. Simpson: Maybe it should have been a six buck bill.

• (3:40 p.m.)

Mr. MacInnis: This budget has been referred to by some outstanding financial writers in the country as a political budget. It was certainly politically presented. Emphasis was placed on the two years the Government has been in office. One contradiction was pointed out by the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan) in the White Paper, in the very first paragraph, which says:

> In terms of economic achievement, the year 1964 was a remarkable one. As we were often reminded, in 1964 Canada was in the fourth year of a cyclical upswing whose length in itself was unusual.

The mention of the four years in the White Paper is a denial of that statement that was made while the budget was being presented. There are other contradictions in this White Paper. There are further denials and further contradictions. It was contradicted in a recent speech in Hamilton, already referred to in this House. The budget was condemned by none other than Mr. Robert Winters.

A further contradiction, Mr. Speaker, was seen just ten days prior to the presentation of the Budget in the announcement that 58 men at the Fortress of Louisburg received notice that the Government had no money with which to continue the work. These 58 men were to be laid off because there was no money. They were the first prisoners of the war on poverty. When I mentioned this matter the Prime Minister (Mr. Pearson) undertook to appoint himself as the one to discharge the function of the Speaker and ruled the question out of order. The amazing thing about this is that he got away with it. On the thirteenth of this month I was denied the privilege of debating this question during the half hour reserved for that purpose. Later—13 days later—when I returned to the House the question was considered in order, no doubt after reflection. I have my own reasons for assuming why it was considered to be in order.

I cannot understand, however, the attitude of the Prime Minister or any other Government Member who would get up and rule on whether or not a question is in order.

Mr. Simpson: They like to push people around.

Mr. MacInnis: Yes, especially the Minister of Finance (Mr. Gordon). This proposed lay-off of 58 workers at Louisburg was later cancelled. They found the money. Probably they got some of it returned. The amazing thing is that this Government has a habit of trying to make heroes out of themselves in the oddest of ways. I think this tendency was summed up by the Cape Bretoner who said, "This Government will give you the sleeves out of their vests any day in the week". They announced the lay-off of 58 men at the Fortress of Louisburg, then when the pressure is applied these lay-offs are cancelled and they assume that they are heroes. The 58 men were thrown into the water by the Liberals, then they pulled them back out and want to pronounce themselves as heroes.

The same type of approach was evident not long ago when the Minister of Transport (Mr. Pickersgill) announced in answer to a planted question that it was not this Government's intention to remove the ice information office from the City of Sydney. The Government is hard put to give favourable answers, so they plant questions in order that they may give this type of answer. Why not; they planted the rumour that the office was going to be moved, and this gave the Minister of Transport an opportunity to give at least one favourable answer in the House of Commons.

Now, Mr. Speaker, I think the budget is something like the answers to the Minister of Trade and Commerce (Mr. Sharp), "This does not require too much of an answer". I concern myself with the average wage earner in my constituency. I need not say any more than that I criticize severely the approach of this Government and this Minister of Finance who would bring down a budget providing for a married couple with two children on an income of $3,000 a year the great saving of less than one cent a day. He provides a saving of less than a cent a day for a married couple with two children on an annual income of $3,000. The people who need the most get the least, in this particular case less than a cent a day. Apparently the Minister of Trade and Commerce believes this may be an election budget. There is a lot of house cleaning to do before you get around to that.

In so far as the 11 per cent sales tax is concerned, where the Minister of Finance could have effected some benefits to the Canadian people, he chose to stand pat. The 11 per cent sales tax is very detrimental to young people establishing homes, and very

detrimental to both young and old who are trying to build houses. Nevertheless, this tax remained, despite criticism offered by bodies right throughout this country.

Mr. Moreau: Tell us about the tax cuts in 1958, 1959 and 1960.

Mr. MacInnis: I should imagine the hon. Member for York-Scarborough would be interested in reviewing what has happened in the previous years. I would call to his attention the fact that taxes in 1957, 1958, 1959, 1960 and 1961 were somewhat lower than they were last year under a Liberal administration.

An hon. Member: That is because incomes were lower.

Mr. MacInnis: I am not talking about incomes. Then, there is the war on poverty. Apparently the hon. Member for York-Scarborough is not aware of anything that has happened in the last couple of months. He has put four or five questions to me. Since I have my own work to do, my own responsibilities to look after, I suggest that he do his own research, rather than interject questions from his seat. Possibly he might find some of the answers over in Hull.

It is an amazing thing that this Government adopted for itself a United States slogan "The war on poverty". Again, I should like to refer to the touchy attitude of the Prime Minister. When I referred also to a United States phrase, "The battleground" in this war on poverty, it touched off the Prime Minister, and he successfully ruled a question out of order which 13 days later was considered legitimate. The background was referred to in the war on poverty in the United States. When I referred to it the Prime Minister, rather than permit a reference to what he considered to be beneficial legislation, got very touchy and said I was not supposed to ask questions about it. The United States designated the Appalachians as their first battleground when they started the war on poverty. I suggest to the Minister of Finance, the Minister of Trade and Commerce and other Members of the Government that the Maritimes, Cape Breton, might possibly be a good first battleground.

• (3:50 p.m.)

I understand that over the week end the Minister of Labour (Mr. MacEachen) is going to tour Cape Breton in a helicopter. Perhaps this is a military observation exercise. Maybe from the helicopter he will see things that are going on in Cape Breton or, as I should rightfully say, things that are not going on in Cape Breton, to which he could give his attention following his tour.

The Government has looked to the United States for something to hang its hat on, and I suggest it should closely examine the pitfalls that are attendant upon any war on poverty. At present it is freely stated in the United States that there is a bigger attack on their war on poverty than there is on poverty itself, with blue chip salaries being paid to build up administrative staffs, which seems to be the only accomplishment to date in the United States war on poverty.

I would like to know what the Government's approach will be in this matter. It has not indicated in any way, shape or form what the tactics of this war will be. Will it work in close conjunction with the Provinces and will the Provinces participate in the arrangements and decisions that are to be made? I suggest the Government take on as advisers those who know most about poverty, and I am sure that among the many unemployed in Cape Breton and the Maritimes they could find qualified advisers.

During his tour by helicopter the Minister will see there are many opportunities there where battles against poverty can be fought. I shall not go outside his own constituency when I refer to the program at Louisburg initiated by the previous Government under the leadership of Right Hon. J. G. Diefenbaker. The present Prime Minister should interest himself in that great development which is beginning to show the results of the initiative taken by the previous government.

In its war on poverty the Government would be well advised to spend as freely on Louisburg, Cape Breton and the Maritimes generally as it is spending on behalf of the C.B.C. in the Montreal area. I have no objection to Canada putting its best foot forward in a centennial project, but I do object to the Government's blank cheque approach in this matter.

There is another wonderful opportunity for the Government to get back on the rails by following the example of the previous Government and keeping the Point Edward Naval Base in operation. However, this does not seem to be any cause of worry to the Minister of Labour, who has not made what we from Cape Breton and Nova Scotia consider to be the proper representations on behalf of maintaining the base. The Associate Minister of National Defence (Mr. Cadieux) says he has no responsibility for the men who were laid off during the term of office of the former

associate minister, who is now Minister of Public Works (Mr. Cardin). He tells us his only concern is with those now employed at the base and who will be laid off. He completely disregards the approximately 300 men who were laid off some time ago, the group for whom the former associate minister said they had achieved substantial success in placing through an alternative work program; but as yet we have not been informed how many of these men have been placed in other work.

The Government is lying back on its heels, trying to take responsibility for programs initiated by Industrial Estates of Nova Scotia, with the support of the Stanfield government. Though talking about a war on poverty, the Government is spending less today in Cape Breton than ever before. Four hundred men have been laid off, yet Government Ministers think themselves heroes because they are going to start a college at Point Edward Naval Base, a coastguard college that will not employ as many men as have already been laid off. For the benefit of the Minister of Transport (Mr. Pickersgill), I tell him this is something which was initiated at the time the Stanfield Government employed a co-ordinator, who put the matter before the Federal Government on behalf of the Nova Scotia Government. It is not something initiated by the Minister of Transport.

I compliment the Government for carrying on the credit arrangements which made possible steel contracts for the Sydney steel operation, credit arrangements due to the personal intervention of the former prime minister Right Hon. John G. Diefenbaker, who went to Mexico and made the various necessary arrangements there.

The Acting Speaker (Mr. Tardif): Order. I regret to inform the hon. gentleman his time has expired.

Mr. MacInnis: On a point of order, Mr. Speaker, I assumed on the basis of the generosity shown on this side to the Minister of Trade and Commerce (Mr. Sharp), and the previous generosity shown to another hon. Member on this side and to the hon. Member for Greenwood (Mr. Brewin), that I would be permitted to finish the few remarks I have remaining. I am not pushing this particular point but I would draw to your attention that during the time allotted to me I had several interruptions for which the Chair has not made any allowance.

Mr. Gordon: I would hope the House would agree to extend the time to the hon. Gentleman.

The Acting Speaker (Mr. Tardif): Does the House give unanimous consent?

Some hon. Members: Agreed.

Mr. MacInnis: I have no intention of abusing this privilege, Mr. Speaker, and I am thankful to the Minister of Finance (Mr. Gordon) for allowing me to win at least one argument very easily.

With reference to the war on poverty a good initial action would be a decision by the Federal Government to provide a grant to the coal operations in Cape Breton. Dominion Coal is in dire need of assistance, and unless further assistance is forthcoming the company will be unable to meet the demand for projected markets in Nova Scotia, which will nullify some very good legislation introduced by the former administration, which provided for subsidies on coal transportation. Unless the Government provides assistance to Dominion Coal to enable it to open another colliery the effect of the previous legislation will be nullified. I would hope the Minister of Labour, who represents that area, will do his utmost in seeing such assistance is provided. There are also many opportunities at Sydney Harbour for projects in the war on poverty. Civic bodies interested in the possibility of a Sydney Harbour crossing have developed some very interesting thoughts that are worthy of consideration.

• (4:00 p.m.)

Mr. Speaker, I would ask the Minister of Fisheries (Mr. Robichaud) to pass on to his colleague the Minister of Public Works (Mr. Cardin), because it does involve the operations under his jurisdiction to a certain extent, the necessity for harbour improvements in Glace Bay. The money was voted for these improvements on two occasions by the former Government, but because of certain problems at the time in Glace Bay the project was not then undertaken. I think the Minister of Public Works and, I am quite sure, the Minister of Fisheries and the Minister of Labour (Mr. MacEachen), have been made aware of the fact that this problem no longer exists, and since money was on two occasions voted for these improvements I suggest that this is possibly a good time to undertake this very necessary project, rather than perhaps saving it as election bait at a later date.

I had hoped, Mr. Speaker, that the Minister of Citizenship and Immigration (Mr. Nicholson), the former postmaster general, would have been present in the House at this time because the approach of this Government to projects in the Maritimes is most unusual. Perhaps this is what the Minister of Trade and Commerce (Mr. Sharp) had in mind when he spoke of honest approaches. I would ask him to consider this approach. The Federal Government were, through the Department of Public Works, going to build three post offices in the constituency of Cape Breton South. Some time later I was approached by the then Postmaster General who informed me that there was to be a cut-back in this particular program. Having announced through a defeated candidate, or through the Executive Assistant of the Minister of Labour that they were to build three post offices in the constituency of Cape Breton South, the Minister approached me, as I say, informed me that there was going to be a cut-back and only one post office was to be built. He asked me to pick out its location. I did not have the necessary information to do so at the time, and on consideration I decided that it was an opinion he would never get from me; because the honest approach of this Government at that time was to ask me, following their decision to build three post offices and their announcement that this was to be done, to take them off the hook and announce the cancellation of two.

Some hon. Members: Oh, oh.

Mr. MacInnis: This is exactly what the Postmaster General asked me to do. I repeat this for the benefit of the Minister of Trade and Commerce and the honest Government that he spoke about. Having announced the building of three, the Postmaster General asked me to pick out the location of the one they intend to build. This was tantamount to requesting me to announce the cancellation of two. Is that an honest approach? When I refused to announce the cancellation of the building of these post offices, as I told the then Postmaster General, lo and behold, this honest Government built all three.

Some hon. Members: Hear, hear.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, there are a number of specific items in the Budget that I want to discuss this afternoon. Before I do so I think we should remind ourselves that the item before the House for debate at this time is an amendment to the motion that the Speaker leave the Chair, constituting a want of confidence motion based on such things as the removal of the sales tax on building materials and so on. It is well to remind ourselves that these phony no confidence motions are simply no confidence motions, regardless of what may be the wording that follows; in other words, they are very simply an expression by this House, should they carry, of no confidence in the present administration, and all the reasons that may be spelled out in the wording of the motion have no effect whatever.

Mr. Speaker, you and all other hon. Members of this House know full well that if this motion is carried—in fact if it were carried unanimously— by the Members of this House, it would not have the effect of reducing the sales tax on building materials. The only effect that could come from supporting the motion now before the House would be the requirement that the Government resign, that this Parliament dissolve, and that we have an election. That is what we have to decide when we vote one way or the other on this motion.

The Canadian Press, who are usually very fair and objective in their reporting of the proceedings in this House, had this to say in an article datelined Ottawa which appeared in the Montreal *Gazette* of today, April 30:

> Social Credit Leader Thompson and his three western followers voted against the increase in exemptions and the old age pension rates—

That is a complete and absolute misrepresentation of the facts, Mr. Speaker, and to prove that point—

Some hon. Members: Oh, oh.

Mr. Olson: I see there is some mumbling over here in the Tory Party. There were a number of times between 1958 and 1962 when every one of the 208 Members that were present—and most of the time they were not all here—voted against this kind of no confidence motion; against one that called for an increase in family allowances, for example. They voted repeatedly against this kind of motion that called for changes in the income tax structure.

Some hon. Members: Shame.

Mr. Olson: As a matter of fact, Mr. Speaker, the Liberals even voted for debt free money on one of these phony motions in 1962.

An hon. Member: So debt free money is phony, is it?

Mr. Olson: All I am trying to do is establish the fact that these motions are ones to dissolve Parliament, and nothing else. When they are reported in the press and they single out certain Members as being against increases in the basic exemption for income tax and raises in the rates of old age security pensions, that is a gross misrepresentation of the facts. I think we have long passed the date when we ought to have some changes in the rules of procedure in this House so that we do not need to perpetuate this kind of deception. There are a number of cases in the past, and every single Party—particularly the two Parties which have had the responsibility of administration—has been put in the position of apparently voting against something that is desirable. Those of us in this House and in the Press Gallery and other places should understand the effect of supporting this kind of motion, and should know exactly what they are for, and it is not what has been reported in the press during the last few hours.

Mr. Woolliams: I thought you were going to bolster up the Government when you started your speech.

Mr. Olson: The hon. Member for Bow River (Mr. Woolliams) seems to be pretty handy with the heckling right at the moment. There are one or two things in the budget that I am going to discuss within a few minutes, and I think after I am through with them he will not be quite so willing to interject; because if he does, it will be in self-defence of a position that is indefensible in respect of some of the action he and his Government took in the past.

Mr. MacEwan: Now why don't you say something?

Mr. Olson: Now, Mr. Speaker, I want to talk about the provisions of the budget in that important sector of our economy, namely agriculture. The Minister of Finance (Mr. Gordon), as reported at page 428 of *Hansard*, said in his speech on Monday night:

> All areas of the country, almost all types of industry and agriculture, and most groups in the community are sharing in this advance.

Of course he is referring to the current situation, and the outlook, as far as the economy is concerned.

• (4:10 p.m.)

I have some reports before me published by the Dominion Bureau of Statistics. One of them was published in March 1965, and in the section dealing with the net income of farm operators from farming operations between the years 1962 to 1964 it indicates that the net income to farmers for all Canada in 1962 stood at $1,627 million. By 1963 this figure had gone up to $1,654 million; in other words, a slight increase of some $27 million in the net income of farmers in the country. During 1964, Mr. Speaker, it slipped to $1,432 million, or went down over $200 million.

If what the Minister of Finance has said in this budget speech is true, and if that is his opinion and he has facts and figures to back up his statement that agriculture has shared in the advances of the economy in 1964, then I would suggest to him that he tell the Dominion Bureau of Statistics to quit publishing false reports. Because if net farm income went down by $200 million between 1963 and 1964, surely those farmers have not participated in the expansion of the economy. It does not take a great economist to realize that it is the net income that matters.

Even the Prime Minister (Mr. Pearson) made a comment on this question. The hon. Member for Grey-Bruce (Mr. Winkler), following on what the Minister of Finance had to say, asked, as reported at page 428 of *Hansard*:

> Is that why the farmers are coming to Ottawa on Wednesday?

And the Prime Minister interjected:

> To get even more.

To get even more decline in their net income; is that what the Prime Minister meant? Because the Dominion Bureau of Statistics indicates that that is what is happening. It also suggests that if there was not something very seriously wrong with the net income position of farmers in Canada today we would not have had the kind of demonstration which we did have on Parliament Hill last Wednesday. Farmers are generally not prone to making displays such as this, unless they are severely provoked into so doing. At the moment I prefer to accept the figures published by the Dominion Bureau of Statistics, which indicate there has been a substantial decline in the net income of farmers, rather than the opinion expressed by the Minister of Finance that agriculture too has shared in the growth of the economy.

Another publication was issued, Mr. Speaker, by the Department of Agriculture in August 1964 entitled "The Economic Annalist". On page 74 the following appears, and I will refer directly to it so there is no misinterpretation of what the index figures

stand for. According to this the prices of commodities and services used by farmers, the things required by farmers which go into their cost of operation, based on an index figure of 100 for the period 1935 to 1939, went up to an index point of 309.9 in April 1964. There are other figures to indicate what is the index figure for the commodities they sell, and at the same period they had reached a composite figure of 245.8. Therefore the difference between the cost of operation and the prices received by the primary producers of food and groceries, as the Minister of Agriculture prefers to call them, indicates a 65 point lag since 1939. I think it is highly unfair and unjust, Mr. Speaker, for the Minister of Finance to suggest that the agricultural sector of the Canadian economy has shared in the expansion of the whole of the Canadian economy.

In the budget papers attached as an appendix to *Hansard* on Monday last there appears at page 145 a table showing the total appropriation out of the federal treasury for the Department of Agriculture for the year ending March 31, 1961, namely the amount of $194.5 million. For the year ending March 1962 the figure had gone up to $218.7 million. In 1963 it had slipped back to $183.4 million; and for the year ending March 31, 1964 it had gone up again to $225.7 million. The estimated expenditure for this past year is down to $168 million. Many hon. Members have referred to this same matter in this budget debate. If the Dominion Bureau of Statistics is correct in suggesting that there has been a decline of $200 million in the net income of all farmers in Canada, it seems to me that it is the wrong time for the Minister of Agriculture and the Government of the day to be appropriating less money to this important, in fact basic, sector of our whole economy. It is rather disturbing, Mr. Speaker, to note that the $168 million appropriated is to cover all expenditures to support management, research and everything else for agriculture, and at the same time there is a requirement of well over $1 billion by way of interest on the national debt.

This net income problem for agriculture generally has reached a crisis. In Western Canada it has not been felt quite as severely lately because of a certain sell-off of inventory. There was an accumulation of large quantities of wheat during the 1950's and there was an enormous sell-off of this wheat in 1961, continuing into 1962, 1963 and 1964. I suggest that when this inventory has been sold and the farmers return to an income level based on current production the effects are going to be felt in Western Canada, even though the pain has not yet arrived. However, the crisis already exists in most parts of Eastern Canada.

While the Minister of Agriculture announced some change in dairy policy which may be beneficial, provided it is pursued vigorously and more effort and money is put into it, I suggest that this crisis has reached the position where we need some kind of immediate action to tide us over the intervening period. Following that we need to work out a whole new agricultural policy for Canada which will not only stop this decline in the net income but bring about an increase once more from year to year.

• (4:20 p.m.)

Not many days ago, Mr. Speaker, I said in this House that we will give the Conservatives full marks for all the policies they brought in which were beneficial and useful to farmers generally. We will give the Liberals full marks for all the policies they brought in, such as increasing the availability of farm credit through the farm improvement loans legislation, and so on. None of these policies has done anything to come to grips with the cost-price squeeze that has been taking place.

The cost of production has been accelerating, yet the prices the farmers receive for their produce have been, if only slightly, declining. This problem requires long-range programming. Surely the time has come when we should stop worrying about which Party receives the credit for accomplishing certain things. There are some men in all Parties of this House who I am sure could make valuable contributions to the development of policies and programs which would reverse this trend. I hope there will be a determined and concerted effort to work out policies of this kind in order to provide farmers with positive results, without too much concern about which Party should receive credit.

The Minister of Finance also mentioned in his budget speech, as well as in answer to a question today, that the cost of land clearing and draining would be allowable as a write-off from income in the current year, to the extent of 100 per cent. I have had a great deal of experience in this regard and I appreciate the Minister's statement to that effect. I should like to ask the Minister a specific question in relation to a related expense. Will the cost of land levelling in irrigation districts in Canada, such as Southern Alberta, be allowable as write-offs from expenses in

current years? The Minister will appreciate that the levelling of land is important to a successful irrigation project. In the past these expenses have not been allowed as write-offs in current years. There was some suggestion that these expenses should be added to the value of the land but, of course, land does not depreciate, so there is no capital cost allowance in this regard. I hope the Minister will take this into consideration and allow these costs to be deducted in the same way that the costs of draining and clearing land are to be allowed.

Mr. Herridge: Those are legitimate expenses for increased production.

Mr. Olson: That is right. We are somewhat disturbed that there is no provision in the budget for the removal of the discriminatory corporation tax on private power companies. Mr. Smallwood said yesterday that the budget is neither the place nor the time to make this particular announcement. I asked the Minister of Transport (Mr. Pickersgill) today, because I know he is very close to the Premier of Newfoundland, whether there was some other place or time more appropriate for announcing that this corporation tax on private power companies is to be removed. He replied that this had nothing to do with his Department and that he did not see why he should be expected to answer the question. I thought, in view of the fact the Premier of Newfoundland had made that statement, that the Minister of Transport would know when and where it would be appropriate to make such an announcement. I can think of no more appropriate time for such an announced removal of corporation tax than during the Budget speech. I hope I am not being overly suspicious, but perhaps there is a more politically appropriate time to announce such a removal of tax. If that is what the Premier of Newfoundland had in mind, surely the Minister of Finance should indicate to this House, perhaps not today, when and where that announcement will be made.

Several years ago the Premier of British Columbia called a special session of the Legislature, after the former Government decided not to remove this tax, with a view to expropriating the power companies in that Province. It is my hope that this present Government is not attempting by its policy in this regard to force those Provinces which have not expropriated these private power companies to take over those companies.

It can be proved with solid, sound and almost indisputable fact that the private power companies in the Province of Alberta, operating similar sized plants with the same kind of fuel as those operating in the Province of Saskatchewan, can produce power much more cheaply than can be produced in Saskatchewan.

Mr. Woolliams: Why do you not tell Mr. Bennett that?

Mr. Olson: Why did you not tell Mr. Bennett and the Minister of Finance that you intended to remove this discriminatory tax during the time when you were in power, with 208 Members?

Federal Governments, both past and present, have stubbornly refused to treat these power companies in Alberta and in Newfoundland on the same basis as the power companies in the rest of Canada are treated. Publicly owned power corporations are not subject to this same tax. Calgary Power and several of the other private power companies in Alberta have given a firm undertaking to pass on any savings resulting from the removal of this tax, to which they are subjected, to the consumers through lower power rates. There is no provision for the removal of this tax in the Budget speech.

There are one or two other subjects which I should like to mention. There is no provision in the Budget speech for adjustments to the 11 per cent sales tax on materials in masonry walls. The brick tile and ceramic industry in Canada has been discriminated against very severely by reason of the fact that there is an exemption from sales tax on poured concrete in walls, except for the cement content, which is a very small part of the total cost. There is also an exemption from sales tax on concrete bricks used in the construction of walls. On the other hand, the full tax applies to bricks and other ceramic tiles, including raw materials, labour and transportation, used for the construction of walls. Surely this is an injustice. The method of calculating the tax on materials used for this type of construction should be the same, regardless of the materials used. I hope the Minister will give some consideration to this situation.

I should now like to refer to our national accounts. At page 428 of *Hansard* the Minister stated:

> If the accounts are translated into a form more suitable for measuring their impact on the economy, that is, into terms of the national economic accounts, the change in two years is from a deficit of $399 million in 1962-63 to a surplus of $332 million in the last fiscal year—an improvement of over $700 million.

• (4:30 p.m.)

We need some explanation of what he is talking about when he speaks about national economic accounts. If you look at the papers that we filed you find that we have an $83 million deficit. In addition, we find on page 137 of the appendices that the increase in the net debt during the fiscal year was $479.4 million. Dirt farmers like the hon. Member for Kootenay West (Mr. Herridge) and myself, Mr. Speaker, do not understand how you can have a $399 million surplus and at the same time add $479 million to the national debt. Then we have another figure which shows an $83 million deficit.

Mr. Gordon: I wonder whether my hon. friend would permit a question from another sometime dirt farmer. Have the explanations that were given in the Budget White Papers and in the Report of the Bank of Canada as to the difference in these accounting methods come to his attention?

Mr. Olson: I have all the papers before me, Mr. Speaker, the Budget White Papers and the Report of the Bank of Canada for the year 1964. I want to say to the Minister that I have read all of them very carefully but I do not understand it all. That may be my problem, but I wonder whether the Minister and all the officials of his Department and the Bank of Canada agree on these figures and on the formula of arriving at these certain positions of surplus and deficit all over the place.

Mr. Gordon: Yes, they do.

Mr. Olson: I wonder whether they do. We would like to have some understanding of these things. The Minister of Finance prefers to use the national economic accounts. Do they take into account total productivity? Are they something similar to the gross national product, with certain adjustments being made for intergovernment transfers and so on? Is this an adjustment that has been made in Canada's relationship with regard to other countries? It is all rather confusing, Mr. Speaker, if we are going to use different bases to calculate what the end result is going to be. As a dirt farmer I am interested in the results.

Mr. Gordon: This is more complicated than dirt farming.

Mr. Olson: There is another point. There is an increase in the national debt of $479.4 million. I should like to ask the Minister this question. Is this figure before adding on the $396 million transferred from what he called the actuarial deficit in the superannuation fund, or is it the case that during these past few weeks we have added $800 million rather than $400 million to the net national debt? There was an item in the supplementary estimates that provided for the transfer of this so-called actuarial deficit to the national debt of Canada and I want to know whether we are that much more in debt in addition to the $479 million.

There is another point on which I should like information. What about the interest that was paid? I hope I am getting these terms right, but was this actuarial deficit of $396 million with interest or without interest when this deficit was being carried in the superannuation account? If it was without interest, then the Canadian people have been paying something like $20 million a year in interest charges that have not been reported. I am not blaming the present Minister of Finance because I know that this practice has been going on for a long time and that the former government was covering up.

Mr. Deputy Speaker: Order. I must interrupt the hon. Member as his time has expired. Has he unanimous consent to continue beyond his time?

Some hon. Members: Agreed.

Mr. Olson: Thank you very much. I want to express my appreciation to the House for this consideration. To get back to the argument, I should like to know whether this $396 million was with or without interest. I should also like the Minister of Finance to answer this question. When the former Government was in office and this actuarial deficit was building up, was there not an obligation on the part of the Government of the day to make these transfers as required, and was the practice followed not simply a bookkeeping way of covering up an additional deficit that they should have shown? In other words, the large deficits that did occur every year while the former Government was in office were not being accurately reported through the estimates and through the Budget.

I am not going to abuse the privilege granted by the House of speaking beyond my time. I seriously question the wisdom of bringing in tax cuts and budgeting for a deficit at the same time. I say that because the interest charges on our national debt have now reached almost $1,100 million. If we relate this figure to other expenditures we

will find that the interest is now twice as much as all the family allowances paid for all of the children in Canada. It is about 50 per cent more than all the old age pensions paid to all of the senior citizens of Canada. When you think in those terms, Mr. Speaker, it is evident that it is a great deal of money.

This afternoon the Minister of Trade and Commerce (Mr. Sharp) brought up a very interesting point. He said that maybe the deficit of $300 million being budgeted for will not materialize. Have we not reached the point, Mr. Speaker, where we can have the expenditure and revenue estimates placed before the House, after being calculated as accurately as possible? Is the Minister of Finance attempting to budget for a deficit of $300 million when he really and honestly believes it will not be that high? As a matter of fact, the former minister of finance, the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan), suggested that the interest charges on the national debt shown in the blue book are deliberately changed. In other words, they are deliberately expressed in such a way that people are unable to anticipate what is in the Budget. I make a plea to the Minister of Finance that all the figures in the estimates and in the budget be calculated on the most accurate basis possible within the limits imposed by trying to estimate before they are brought before the House.

In closing, Mr. Speaker, I want to say that while there are probably some beneficial provisions in the budget we think that the matter of the discriminatory tax on private power corporations, the collecting of taxes on masonry walls and other things that were not dealt with should also be taken into account by the Minister of Finance, and that he should at least try to do justice so that Government taxation does not upset the competitive balance between the various sectors of our economy.

• (4:40 p.m.)

[*Translation*]

Mr. Alexis Caron (Parliamentary Secretary to the Postmaster General): Mr. Speaker, one can hardly imagine the difficulties I have encountered in order to deliver my speech. Yesterday, members spoke for an hour at least so as to prevent me from speaking and today, thanks to the generosity of the ministers and other members, those who had the floor before me spoke so long that there are barely 20 minutes left at my disposal. Nevertheless, I shall begin with the remarks I was to make at the end of my speech, for I will probably not have enough time for all those things I wanted to say, since the discussion on the budget has to be called off at five o'clock, and I am sure the house and the government will not do me the favour of allowing me to continue beyond my time.

Mr. Speaker, for the last two years a special committee has been considering the possibility of shortening the sessions. During that time, many changes were brought about, particularly with respect to committees; for two years we have been sitting continuously and without holidays.

I wonder if that committee did not think for a moment about the possibility of changing human nature. Had it been able to change human nature, we could have avoided prolonged debates and saved time during the sessions. But everything is going on as before, in spite of changes, and I am even wondering if we will be able to enjoy holidays this year. It seems that we will witness long debates. The most academic debates, namely those on the speech from the throne and on the budget, do not fall under that category because they have a limited period; but when we discuss legislative measures, I am convinced that the opposition will bring forth many objections, and in view of this obstruction, I am wondering if we shall not be compelled to call a general election. In my opinion, at the present time, this would be the most practical and most logical step.

Mr. Speaker, changes must be made, and particularly basic changes.

For instance, we could do away with the non-confidence motions. I know that this scares some people who claim that we would thus be drifting away from England where a vote of non-confidence has always existed; however, we must admit that we have closer links with the Americans than with Great Britain, whether we like it or not. In fact, when Mr. Thatcher, the premier of Saskatchewan, was asked what he would do if the province of Quebec seceded from the rest of Canada, he replied: "We would become the 51st American state". This is proof that even the English Canadians feel they are closer to the United States than to England, and therefore I suggest that the non-confidence vote is outdated, as far as Canada is concerned.

That era is long past, and I suggest that we should do away with non-confidence motions. In so doing, we could have a general election at fixed dates, every four or five years, and we would not see these rows at every session, for an election would not

be feared. Furthermore, it would enable us to pass quickly legislation which is passed very slowly because of fear of a general election during the year. In fact, there was talk of a general election last October, there was talk of one for June 1965, it has been predicted there would be one in July and even in October of this year.

There is always that talk of a general election, but none is called. I think that is the reason why hon. members are taking part in the debates, in order to have something to offer their electors.

Now, I say that we have reached a stage where the only solution for us is to adopt the American system and to Canadianize it. It is true that the ministers may not like it, because if one of their measures did not pass, it would be shelved for 12 months and this house could come back to it only a year later. However, I think that such a system should be taken under serious consideration and that the committee on procedure and organization should look into that procedure in order to improve our situation and to shorten the sessions which are definitely too long at the present time.

Mr. Speaker, I have studied the budget and although I said I found it suitable, I do not see in it anything to improve the situation on the Hull side.

For years, I have been asking the Minister of Public Works what he intends to do in the city of Hull and for years, I have received the same answer from the minister: Be patient, do nothing, ask for nothing and you will get it. That is exactly what I did get: nothing.

• (4.50 p.m.)

At the same time, in the city of Ottawa, millions were spent on the construction of all kinds of buildings. Millions of dollars were paid out to rent buildings in Ottawa while in the city of Hull, there was nothing at all. When I asked why there was nothing for the city of Hull, the answer was that the ministers were not willing, that they were not interested in moving across the bridge. They are interested in a site seven miles further off, that is at Confederation Heights, but when it comes to the other side of the river, they fear to go a mile and a half further, to build a public building that would likely help the town of Hull which is nevertheless a part of the national capital district.

Mr. Speaker, the town of Hull is a part of the national capital district, yet it receives absolutely nothing. The Mint is to be removed from Ottawa. That building is too small and cannot be enlarged. It has to be removed. Yet, it attracts a number of people. As a matter of fact, tourists who visit Ottawa always want to see the Mint. I have asked that it be moved to Hull. The former minister of Public Works (Mr. Deschatelets) had told me: "Wait, it will come". I have been told the same thing for the past two and a half years but nothing has been done. Every time I bring the matter up, I am told that the ministers and the members object to the building being located outside of Ottawa. But it has to go and it certainly cannot be built on Confederation Heights, because people who wanted to go and visit it would have to cover seven miles, and at rush hours, due to traffic congestion, it takes one hour to get there and another hour to come back. You cannot force that on visitors.

Mr. Speaker, those are things that I have been asking for and which have always been refused to me. As I said earlier, we are part of the national capital district and I am disgusted with that attitude. We, on the other side of the river, are offended by this attitude.

The national capital commission has improved everything one can see from Laurier Street in Hull, when looking toward Ottawa. Roads have been built which lead to the doorway to the Gatineau. But apart from that, has anything been done in Hull? Nothing at all. The national capital commission makes fun of us. I have been sitting here since 1953 and nothing has been done for us. I feel the time has come to say what I think of this situation, and that is why I wanted to rise today in order to say exactly how things are.

A committee of the house has studied the situation as far as railway stations are concerned. I do not blame the minister for that situation, but I rather blame the national capital commission for not giving information to cabinet members.

I appreciate that the Greber plan provides for the building of two railway stations, the north station and the south station. Mr. Greber told me on several occasions that those two stations just had to be built, because the south station was moved two miles farther to the south, which meant that people from Hull would have to travel six or seven miles to go to the station.

In Hull, we have only old sheds which can no longer adequately accommodate passengers, and I have asked the officials of the department to combine both, that is to adopt

the Greber plan which provided for two stations, one in the north and the other in the south. And it is the southern station that they want to build two miles further away. The northern station would be built in Hull, about two miles from parliament. The management of the Canadian Pacific might have been asked at that time to run their express trains between Ottawa and Montreal from Hull; the service would have been faster because the distance on the north shore is 20 miles shorter.

Nothing of the sort has been granted. Things remained unchanged. They seem to have the impression that there is nothing important on the Hull side; that there is no need to attend to that. Well, I for one claim that the Hull side is important.

The city of Hull was enjoying a special treatment when it was represented by a minister in the cabinet. In fact, the Printing Bureau was built in our city when the hon. Mr. Fournier was minister of Public Works. True, with the assistance of the deputy minister of public works, the Conservatives set themselves to make believe that this building had been erected in a sort of slough, in an area where water was running all day long.

However, Mr. Speaker, I can say this: the finest land in either city had been chosen for the National Printing Bureau. It was a piece of land covered with gravel 17 feet deep and under the gravel the Department of Public Works found rock after boring further into the ground.

It was believed to be rock; huge boulders were struck and it was thought that solid rock had been reached. The layer was determined to be of a certain depth but when the excavating contract was awarded, the contractor found out that the rock consisted only of huge boulders and that further borings would have to be carried out. A contract for excavation to a further depth of 15 feet was awarded but when solid rock was reached, it was found that the foundations would be under the river level and that the water was seeping right through to the site. Consequently, the place was flooded. Means were found to evacuate the water through a city sewer and, today, another underground storey, 15 feet high, could be built if necessary. It would still be possible to evacuate the seeping water. Mr. Speaker, that goes to show that the minister who obtained that project was truly useful to the city.

I did not ask to be appointed to the cabinet. If it was thought that I lacked the required qualifications, it would have been a simple matter to let me know. I could have resigned so someone could be found who had all the qualifications in the world and had graduated from Laval University or the University of Montreal as an economist. The people of Hull thought I could perform my duties. But if I had been told those things, I would have resigned and made way for somebody better qualified or apparently better qualified to take over the duties of a member of parliament. But enough of that.

I hope that during the year now beginning the department will look toward Hull, because we do not intend to be continually ignored. We plan to insist and insist most strongly, because we are not being refused a favour, but a right. That right we have earned. I am asking for it and will keep asking for it in another session.

Mr. Speaker, I see that my time is running short and that I will not have time to deal with all the questions I put down.

I find that all members of the opposition always seem to agree on one point, that is bilingualism. Hon. members opposite always agree on one thing, and it is to revolt when mention is made of bilingualism.

Bilingualism is a national reality that cannot be overlooked because it compels recognition in Canada, if confederation is to be maintained. Confederation will not be maintained if bilingualism is not recognized throughout the country.

I have heard members opposite, mostly new Canadians, criticize the action taken by the Prime Minister (Mr. Pearson), when he proposed the adoption of a flag and when he established the royal commission on bilingualism and biculturalism. They criticized him then but they forgot to say, for instance, that he was the first man in Canada, the first prime minister of Canada who had the courage to choose a new flag and to set up a commission on bilingualism whose members tour Canada to find out what we have the right to expect from Canada.

It must be remembered, Mr. Chairman, that if bilingualism is not recognized within a few years, confederation will be in danger.

The province of Quebec has lost her inferiority complex. The province of Quebec and the French Canadians are beginning to demand what they have a right to expect.

And when I hear criticism from some hon. members, I say to them: You do not know Canadian history, you did not study it properly. I admit that in Quebec and Ontario

some history books are not what they should be. But a certain commission is working today to set the record straight as far as Canadian history is concerned.

However, one thing cannot be denied: the Paris treaty of 1763 gives us some guarantees. Mr. Murray, governor in 1760 after the fall of Quebec, also gave the French Canadians what they had the right to have and since then tradition has always given the French Canadians what they had the right to ask for. But things deteriorated until the French Canadian insurrection of 1837. I admit that revolt was a tragedy, a mistake, but lacking arms and money we still showed that we did not intend to let anyone step on our toes.

Since then confederation took place and in 1867 when it became a reality, it was decided to give equal rights to the French Canadians in the spirit of confederation.

But since then, things went wrong in the provinces. It started in New Brunswick and later on the trouble spread to Ontario, Alberta, Saskatchewan and Manitoba; in short, things went wrong everywhere. Mr. Speaker, in view of those facts, I think that the time has come to give the matter a second thought. If there is no change within the next few years, I will endorse the statement made not too long ago by a Laval University professor who said: "I am no separatist, but if I were convinced that there is a danger of our being submerged and losing our identity in being a part of Canada, I would soon become one".

I therefore ask new Canadians and Canadians of every party in the house to forget the short-lived political gains they may get by fighting French Canadians. Let us unite to get what we are entitled to. I know that if French Canadians in other provinces were, as far as schools are concerned, treated on the same basis as English Canadians in Quebec, in short, if those people had the right to have their own school boards and establish their own curriculum, we would no longer advocate the separation of French and English Canadians, and the constitution would continue to function.

That is why I am asking my friends opposite to think well before making any decisions and to see to it that there is better understanding among the two races of Canada. We could then save confederation and go on for another 100 or 200 years constantly improving the situation, so that all Canadians across Canada might be respected by the various races making up our population. [*Text*]

[Mr. Caron.]

Mr. Deputy Speaker: Order. It being five o'clock the House will now proceed to consideration of private Members' business as listed on today's Order Paper, namely Public Bills and Private Bills.

TRANSPORT

AMENDMENTS RESPECTING PUBLIC CARRIERS IN B.C. COASTAL WATERS

Mr. T. S. Barnett (Comox-Alberni) moved the second reading of Bill No. C-5, to amend the Transport Act and the Railway Act (B.C. water carriers).

He said: Mr. Speaker, this represents the fourth occasion on which I have introduced a bill similar to the present Bill C-5 which is before the House for second reading. I introduced it when we had Mr. Chevrier, our present High Commissioner in London, as minister of transport; when we had Hon. George Marler as minister of transport and, if I remember correctly, on the last occasion on which I introduced it we had the President of the Privy Council (Mr. McIlraith) as minister of transport.

• (5:00 p.m.)

I have to confess at once that on none of those occasions did the House see fit to accept the principle of the bill at second reading, even though each time I suggested I would be quite willing to see it referred, after second reading, to the appropriate Committee where it could be studied in detail. I must now pin some hope and reliance on the fact that the present Minister of Transport (Mr. Pickersgill) has perhaps a more intimate and detailed acquaintance with some of the problems faced by people living in particularly smaller coastal communities, than did his predecessors that I have named. I am sure that since the day when he was introduced to the people of Bonavista-Twillingate, with what I have been told was a good deal of fanfare, by the Premier of Newfoundland, he has had occasion to learn something of the kind of problems that are faced by the people of Canada.

I have had a number of Members who represent inland constituencies ask me, "What is this Bill all about?" and I have explained to one or two of them that the principle of this Bill can be put very simply. I have suggested that if, for example, the railway companies of Canada were completely free, at their own will, to abandon

all their branch lines across the Prairie Provinces, tear up the tracks and discontinue services, if they were free to double their freight rates overnight, that would be an exact parallel of the situation that is faced by the people involved in coastal shipping on the coast of British Columbia who are dependant upon this form of transport.

As I have mentioned on previous occasions when introducing this Bill, my concern in regard to this subject matter dates back over a period of a good many years. As I have previously mentioned, on the occasion when the original version of the present Transport Act was introduced into this House in 1938 by Right Hon. C. D. Howe, who was then Minister of Transport, the then Member for Comox-Alberni, the late Mr. A. W. Neill, sought by an amendment in Committee of the Whole to accomplish the precise purpose which I have in mind in introducing this Bill.

Mr. Speaker, in view of the obvious misunderstanding of the purposes and effect of my Bill, which was manifested by speeches made by certain spokesmen on the other side of the House when I introduced it last, on this particular occasion I would like to clarify the purpose of the Bill by making some very direct reference to the terms of the Transport Act itself. Thereby I hope to eliminate what were some very apparent misunderstandings of its effect at that time. The Transport Act is in five parts and is preceded, as far as Part I is concerned, by a rather extensive interpretation section which makes quite clear the terms used in the Act. Part I of the Act makes it quite clear that for purposes of transport under this Act, the Board of Transport Commissioners are to perform similar duties to those which they perform under the Railway Act. Section 3 of the Act, for example, says:

> It is the duty of the Board to perform the functions vested in the Board by this Act and by the Railway Act with the object of co-ordinating and harmonizing the operations of all carriers engaged in transport by railways and ships—

I think perhaps the time may come when a suitable amendment might be proposed which would include not only railways and ships, but air lines, in a co-ordinated regulation of each transport system. Certainly as far as transportation in the coastal area of British Columbia is concerned, some element of co-ordination between public air line services and public water carrier services is a very necessary thing in my view. Section 5 of the Act, which I think is one of the main operative sections, makes clear, I believe, what I have in mind when I advocate as the basic principle of this Bill that the Board of Transport Commissioners should have the authority to license ships which are engaged in the public transport field in the coastal area of British Columbia. I may say at once, Mr. Speaker, that the purpose of my Bill really is to delete an excepting paragraph which is set out in section 12 of the Act, and its main effect would be to delete the phrase which says:

> The provisions of this Part do not apply... between ports or places in British Columbia—

Mr. Byrne: Mr. Speaker, would the hon. Member permit a question?

Mr. Barnett: Yes.

Mr. Byrne: Is it not the fact that there are some regulations in respect of ocean shipping on the coast that are effected by the Public Utilities Commission; or do they have no jurisdiction whatever?

Mr. Barnett: The Public Utilities Commission of British Columbia, as far as I am aware, has absolutely no jurisdiction over coastal shipping in British Columbia. The only body that I know of which has any regulatory function is the Canada Steamship Inspection Service, which of course, as I am sure the hon. Member understands, is concerned only with ensuring that the ships which are engaged in travel operate in a manner which is safe, that they carry the necessary life saving apparatus, and that sort of thing.

As I was going to say, Mr. Speaker, section 5 of the Act, which has to do with the matter of the Board of Transport Commissioners dealing with applications for licences, sets out the considerations which the Board may take into consideration in dealing with such applications. I would like to quote part at least of that section. Section 5 (a) says:

> Any objection to the application that may be made by any person or persons who are already providing transport facilities, whether by rail or water, on the routes or between the places that the applicant intends to serve, on the ground that suitable facilities are or, if the licence were issued would be in excess of requirements, or on the ground that any of the conditions of any other transport licence held by the applicant have not been complied with;
>
> (b) whether or not the issue of such licence would tend to develop the complementary rather than the competitive functions of the different forms of transport, if any, involved in such objections;
>
> (c) the general effect on other transport services and any public interest which may be affected by the issue of such licence; and

(d) the quality and permanence of the service to be offered by the applicant and his financial responsibility, including adequate provision for the protection of passengers, shippers and the general public by means of insurance.

Mr. Speaker, those are the considerations which, as far as I am aware, generally apply in every other field of transportation in Canada, whether it is by air, bus line—which, for the benefit of the hon. Member for Kootenay East (Mr. Byrne), I would point out comes under the jurisdiction of the Public Utilities Commission of British Columbia—or whether it is by rail. It also applies in certain parts of Canada under the provisions of the Transport Act, but it does not apply between ports or places in British Columbia.

• (5:10 p.m.)

Part III of the Act has to do with traffic, tolls and tariffs and contains what I think most people in Canada consider to be the normal provisions with respect to the filing of tariffs, and with opportunity being given to the public being served to register objections and to have their cases heard if they feel that any increases in freight rates or passenger rates are unwarranted. These are the operative provisions of the Transport Act, but as the Act stands these operative provisions have never had any operative effect along the coastal area of British Columbia.

I could recite a long list of the communities of people who have established themselves along the British Columbia coast and who have suffered at times rather extreme hardship owing to the fact that they have had absolutely no court of appeal to decide whether or not they were going to have the service continued or discontinued or whether or not different firms could engage in cut-throat competition and run one another into bankruptcy, thereby leaving communities without any services. This sort of thing has been going on year after year and certainly I and, as I mentioned earlier, the long-time member for Comox-Alberni, Mr. A. W. Neill, recognized the danger of the situation.

In particular, during the period since the end of the Second World War when air traffic entered into coastal transportation as a major factor, steamer services have been disrupted without notice to those being served. This has meant disruption of services which have provided the necessary communication to keep a community operating. It has made very difficult and complicated the work of the people charged with the responsibility for the transportation of the mails along the coast of British Columbia.

I could go on and enumerate the kind of problems which have resulted in many communities receiving poorer service today than they had 50 years ago.

I have a letter before me which has reached my office, mailed from Winter Harbour on April 12 of this year, which touches on this very important situation. I should like to read part of this to the House:

I have been informed this morning that the Island Tug & Barge Company that services the village of Winter Harbour and this logging operation—

By the way, this letter is written by the proprietor of the logging operation.

—will drop their weekly freight and mail service and replace it with a once every second week service.

The Winter Harbour Post Office is serviced by this barge and this announcement will mean we here go back 30 years in postal service.

The reason given for the dropping of Winter Harbour by Mr. Sterling Beek, traffic manager of Island Tug & Barge is that they "must meet their deadline at Port Alice for the pulp load".

The village of Quatsino is also dropped from the once a week service...I have called the Rayonier Company—

That is the company which operates the Port Alice pulp mill.

—to help us in any way they can but felt you might be able to exert some form of pressure to assist both villages.

The fact that this particular Bill No. C-5 has now come up for second reading gives me an opportunity publicly to put on the record of this House the problems faced by the people of these two communities, creating a situation from which they have no appeal except to their Member of Parliament. There is no body of any kind to which they can go which has any authority to deal with this kind of situation.

The letter goes on to say:

The service of this company has been excellent and we fail to see why at this late date they would make a sudden change.

When the roads come to this area we will have alternate routes but we are quite helpless to do anything but sit by and watch this company eliminate two small villages from a decent freight and mail service.

I suppose I have had dozens of letters of a similar nature to this one during the years I have been a member of this House. I have had telegrams couched in frantic terms informing me that, effective the following week, there would be no service of any kind to bring in mail or supplies. I have previously tried to argue that this is a situation which is simply not good enough. I have always made it clear that it was not my view that any private

transportation company should be required indefinitely to maintain a service which is completely uneconomical to operate. If there are situations where services are sufficiently essential, then we have our system of subventions under the Canadian Maritime Commission, which of course is operative in certain instances on the coast of British Columbia. But it is only when a subvention under the Canadian Maritime Commission does become operative for a particular service that the company providing the service has any public responsibility or accepts any public guarantee that it will maintain that service, and maintain it according to an announced schedule of rates.

I am sure that no Member in this House, Mr. Speaker, expects that all the water carrier services, through the operation of the Canadian Maritime Commission, require or need subventions, but I do submit that people in these communities should have some court of appeal to go to when the companies which have accepted responsibility for providing these services suddenly, without notice, decide to change them in the drastic manner that I have been attempting to describe.

I also suggest that in my view there should be some kind of protection afforded to people who invest their money in ships to provide such services. Quite frankly, I have found it hard to understand why over the years the major shipping companies, at least on the British Columbia coast, have registered their objection to the proposals advanced in this Bill and, as I understand it, originally registered objection to the attempt of the former Member of Parliament for Comox-Alberni, Mr. A. W. Neill, to have this particular phrase removed from the original Transport Act.

As I recall the discussion we had in the House last year, at least one of the British Columbia members who spoke registered some concern at the effect of my Bill, which would bring under this kind of jurisdiction and licensing the many operations which are conducted under some form of contract where goods are carried in bulk for private companies. I refer to the transportation and movement of such things as booms of logs, rafts of logs, log barges and the transportation of what is now becoming a major element of traffic along the coast, namely pulp chips, and in some cases the carriage of ore in bulk.

I should like to point out that in both Part II and Part III of the Act specific reference is made to the fact that carriage of goods in bulk does not come under the licensing provisions of the Act. While that provision may not appear in the particular amendment which I have moved, if anybody wishes to refer to the Act which I propose to amend and is prepared to read the definition section dealing with bulk goods, he will immediately be aware of the fact that the purpose of my Bill is to provide that there be some form of public regulation of those people who are, in effect, public carriers; and that is all I seek to accomplish by the amendments.

• (5:20 p.m.)

I hope on this fourth attempt in respect of this Bill that the House will see fit to accept the principle contained therein, which would merely give effect to a principle which is accepted generally with respect to public transportation utilities, be they in the field of air lines, railways, bus transport or even, in certain parts of the country, in respect of the carriage of goods by water.

Mr. Grant Deachman (Vancouver Quadra): Mr. Speaker, I had the privilege of addressing this House in respect of a Bill presented by the hon. Member for Comox-Alberni (Mr. Barnett) which was identical to the Bill now before the House. On May 21, 1964 in the hon. Member's opening remarks he explained, as he has done today, the purposes of the Bill. On that occasion he said that this Bill would regulate carriers operating in British Columbia coastal waters by placing them under the jurisdiction of the Board of Transport Commissioners,—that is to say, that the whole provincial water traffic should be regulated from Ottawa, 2,000 miles distant. At page 3449 of *Hansard* the hon. Member said, and this should be noted when considering this Bill:

> I should like to point out at once that it is my understanding that the operation of this publicly owned ferry system would not be covered by the terms of the bill I am now proposing.

That is a reference to the ferry system in British Columbia which operates in the Straits of Georgia, which is the main body to be considered in relation to this Bill.

The hon. Member then went on to state:

> In other words, provision for licensing by the Board of Transport Commissioners would not apply in the case of provincially-owned vessels.

Apparently provincially-owned vessels would be excluded from the regulations of the Board of Transport Commissioners. If I understood the hon. Gentleman correctly he indicated today that bulk cargoes such as wood chips, gravel, sand and the like carried up and down the Straits of Georgia by barge,

would not come under the regulations of the Board of Transport Commissioners. If I understood him correctly, goods moved under contract, which is a common method of carriage up and down the Straits of Georgia, particularly in relation to the construction, pulp and paper and lumber industries, would not come under the regulations of the Board of Transport Commissioners.

It seems to me that the traffic up and down the Straits of Georgia which would come under the regulations of the Board has been somewhat narrowed by the definitions given by the hon. Gentleman both today and on May 21, 1964. At this time I should like to review, as I did on a previous occasion, the traffic which plies these waters. I think it is important during this discussion to have a picture in our minds of the waterborne traffic in British Columbia coastal waters.

The Straits of Georgia is an inland strait.

Mr. Barnett: Would the hon. Member permit a question? The hon. Member has suggested that I confined my remarks to the Straits of Georgia. That is not the case. There is a great deal more to the British Columbia coast than just the Straits of Georgia and I suggest that the hon. Member widen his horizons.

Mr. Deachman: There is, indeed, more to the coastal waters of British Columbia than the Straits of Georgia, but the majority of shipping which would be affected by this measure certainly would be that shipping which is carried on up and down the Straits of Georgia. I do not think my hon. friend would disagree with that statement.

Mr. Barnett: You should move around the Province of British Columbia and get a better picture of the extent of coastal waters. I certainly do disagree with your statement.

Mr. Deachman: My hon. friend does disagree with my statement. Perhaps I should pause at this stage to remind my hon. friend about the amount of shipping that takes place in the Straits of Georgia. I have in my hand a supplement to the 1964 annual report of the National Harbours Board, which has just been distributed to Members of this House. I should like to turn to the section which deals with the Port of Vancouver, which comes under the jurisdiction of the National Harbours Board.

The Port of Vancouver lies in Burrard Inlet, and the entrance to Burrard Inlet is from the Straits of Georgia, so the traffic which goes in and out of the Port of Vancouver also goes in and out of the Straits of Georgia. In 1964 there were 1,924 deep sea or ocean-going commercial arrivals at the Port of Vancouver with a net registered tonnage of 10,186,000.

Mr. Barnett: This Bill has no relation whatever to deep sea shipping.

Mr. Deachman: In respect of coastal or inland commercial ships, including the fishing fleet, there were 19,538 vessels, with a registered tonnage of 8,484,913, in and out of Vancouver port. Let us compare that traffic with the traffic which moves in the Port of Montreal, in order to get some comparative idea of the volume. The number of deep sea or ocean-going vessels in and out of the harbour of Montreal in the same year was 3,667, compared with the 1,924 which travelled in and out of the Port of Vancouver. That is slightly less than twice as many. However, in respect of coastal or inland traffic, including fishing vessels, there were 2,349 in and out of the Montreal harbour compared with the 19,538 to which I referred in and out of the Port of Vancouver. One would have to go to the Rhine to find inland water traffic as dense as the inland water traffic in and out of the Port of Vancouver. This traffic all must ply the Strait of Georgia before entering that port, and this is the traffic which my hon. friend would like brought under the regulations of the Board of Transport Commissioners.

Mr. Barnett: Would the hon. Member permit me to ask another question?

Mr. Deachman: Yes, I would be pleased to listen to your question.

Mr. Barnett: I wonder whether the hon. Gentleman feels it is absolutely necessary to use my Bill for the purposes of promoting the Port of Vancouver. This type of Board of Trade promotion is very good, but I wish the hon. Member would discuss the purposes of this Bill if he intends to speak on it at all.

Mr. Deachman: Mr. Speaker, while I recognize the interest of my hon. friend in giving guidance to me in my argument, we are talking about shipping in the Strait of Georgia; we are talking about this Bill which would regulate that shipping, and we are talking about the 19,000 odd, commercial vessels which ply the inland waters of British Columbia and which my friend would like brought under regulation of a board which is 2,000 miles away.

• (5:30 p.m.)

As I listened to the hon. Member I wondered what was bothering him, in connection with the transportation of goods in British Columbia, which led him to believe that certain regulations should be applied from Ottawa to this booming traffic. Does the hon. Member believe, for example, that there are delays involved? Let me deal for a moment with that question. As the years have gone by, the network of roads on Vancouver Island has been vastly improved, and both my hon. friend and I would agree heartily with that. They have been extended mile after mile. Not only have they been extended up the island, but they have been extended across the island and even now are beginning to reach out to the west coast which now, for the first time, from day to day, though not all year round, can be reached by automobile traffic. So roads are coming to the aid of many of these areas which heretofore did not have any access except by sea for the bringing in of their mail and their goods unless, of course, they had them transported by air.

May I remind my hon. friend that the ferry service back and forth across the straits has also been improved over the years. May I remind him also that the van or truck service moving back and forth across the Straits of Georgia on the ferries is now about as efficient as anywhere in the country. Therefore, with the improved network of roads, with the extension of roads up and down and across the island and with the improvement of the ferry service and the trucking service to the island, many more points in a fortunate island are being provided with increasingly efficient transportation facilities.

Let me deal with the growth of air transport in the Province of British Columbia. Nowhere in this country, and perhaps nowhere on the North American continent, is an area better served by air than British Columbia. Mail is taken by seaplane and flying boat from Vancouver airport to many of the waterways up and down the coast. The seaplane delivery of mail and small cargo has now made quite unnecessary the carrying of much of the traffic slowly and laboriously by log boom or by barge. The delivery of mail to logging camps, fishing camps and so on up and down the coast of British Columbia has been speeded up.

With regard to lack of competition I want to ask my friend this question. In an open market such as this, is there any lack of competition in providing him with efficient service? Are there excessive charges in an area where competitors have ample freedom to operate? I want to say to him that it is an area in which there is little regulation and in which we find real, free enterprise at work. Where this is so, what do we find? We find one of the best developed transportation systems by land, by air, by sea, by road and by rail that can be found anywhere in the whole of Canada. Why would my hon. friend want to poke his finger into that area which is regulated so well by competition, and introduce subventions which would be charged to the taxpayers of Canada? Why would he want to bring it under the control of a regulatory body 2,000 miles away?

I cannot for a moment subscribe to the Bill that the hon. Member now has before the House if it would result in those things being done. The history of the people of British Columbia has been one of going into the wilderness, and they have never had to move out of such areas because of a lack of transportation. In fact, what has happened up and down the coast of British Columbia is that the expansion of transportation facilities has enabled them to do many things in an enormously difficult territory with what seems to be incredible ease. I suggest to the hon. Member that if there is any place where free competition should be allowed to reign and which regulatory bodies should leave alone, it is in the area of the free flow of transportation in the Province of British Columbia.

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, I do not differ from most of the facts presented by the hon. Member for Vancouver Quadra (Mr. Deachman), particularly when he talks about the high density of traffic in the Straits of Georgia, but I do differ from him in the conclusions he has drawn, and I rise to speak in support of the Bill.

The hon. Member for Comox-Alberni (Mr. Barnett) and his colleague, the hon. Member for Nanaimo-Cowichan-The Islands (Mr. Cameron), come from two constituencies on the northern tip of Vancouver Island which are very close to my own, and I might point out something to the House which they are perhaps too shy to mention. They are two of the most beautiful parts of Canada one can possibly imagine. The hon. Member for Comox-Alberni has in his riding some of the most fantastic fishing grounds I know of anywhere, at Nahmint Bay, Comox Bay and Campbell River. He also has magnificent

stands of the finest timber in Canada, and in the summertime it is a vacationland which I think is pretty hard to beat.

That part of Canada, however, has peculiar problems because it is still a frontierland. From my own experience I know that charts of the West Coast of Canada showing what the coastline is have only recently come into the hands of the public, and only a very few years ago when I was travelling back and forth on these waters there were large parts of the shoreline which were shown in dotted lines as not having even been surveyed at that time, only 10 years ago. In the area on the West Coast of British Columbia now under discussion there are a fair number of smaller communities which are not self-supporting, however important they may be to our economy. These communities cannot yet depend upon roads for communication purposes and, as we all know, communication by air is an expensive proposition. They must rely in large part upon water transportation.

I know that there are few enough freedoms today, and freedom of the seas is something which is quite close to my heart. But I also believe that with that freedom goes a responsibility, and in the absence of competition from other means of transportation up and down our coast I think that these small communities need the protection which only legislation such as this can provide them. Unless the transportation companies, which are admittedly in business to make money, are charged by the country with the responsibility of servicing, not only the more lucrative portions of their routes but also the smaller communities which may not produce much in the way of revenue to the transportation companies, I think we are failing in our duty with regard to the development of our West Coast, a duty which can only be fulfilled when these small communities are provided with the service that will enable them to expand.

• (5:40 p.m.)

Now, this is hardly what I would call a new principle. Surely, this is a principle which we applied in the early days to give air service to many parts of the country. No one can pretend that in the early days of Trans-Canada Air Lines, some of the communities serviced by Trans-Canada were providing a paying load to the air system. No, Mr. Speaker, the service was provided because it was going to benefit the community, and without it the community would never have been able to grow to the position which many of these communities have reached today. Many of these same cities, which were small, are now providing a fair share of the revenues of Air Canada. I think this is a principle which we applied some years ago to the then air frontier of Air Canada, and which should be applied today to this same type of operation which is being conducted on the West Coast in order to provide proper transportation, proper communications, for the smaller, isolated communities.

If I want to take this further, Mr. Speaker, I think we could say the same principle was applied recently to the Canadian Broadcasting Corporation. We spend millions of dollars each year in this country on the Canadian broadcasting system in order to provide service to communities where the service is needed, but where it cannot carry itself. We are expanding that principle today within the Canadian Broadcasting Corporation to provide television to isolated communities. I think it is only right that we should do the same thing for the isolated communities in British Columbia in order to provide them with transportation and communications.

I apologize to the hon. Member who introduced this Bill because I was absent for the first three minutes of his presentation and I may have missed something. However, I feel his Bill could have drawn more support in the past than it has if he had given the House a full explanation of what he is trying to achieve. When I discovered this Bill was coming before the House today, I looked up as many back copies of *Hansard* as I could to ascertain what had been said previously. I found there had been the same complaint every time, that the explanatory notes to the Bill did not indicate its true purpose. I find them a little difficult to understand even yet, but I am content with what I have heard the hon. Member say. I think he and I have a community of interest and thought on this matter. I do not wish to speak at too great length because perhaps there are others who wish to speak.

However, if his description of this Bill indicates that the Bill is meant to provide legislation which will assure proper service to the smaller communities on our western frontier of British Columbia, and that this service should be charged, under legislation imposed by the Federal Government, to the companies already supplying the service to larger communities, then I am in favour of it.

Mr. J. E. Lloyd (Halifax): Mr. Speaker, on entering the debate on Bill No. C-5 I wish to state that I could not contribute anything specifically to the regional problem of British Columbia. However, I am prompted to speak on this matter because it seems to me if we are to adopt a policy of regulation of rate making and service that is going to affect coastal shipping, then we should proceed on the basis of a national policy. I believe that what would be done on the West Coast would certainly be of concern to the East Coast. Indeed, wherever shipping may be operating for captive users, I think this principle put forward by the hon. Member for Comox-Alberni (Mr. Barnett) could be accepted. I believe there is no question, wherever you have a private corporation, or even a public corporation of the Crown Corporation type providing service, there must be some Government supervision and regulation of rates and service, otherwise there is no opportunity for public necessity and convenience to be fully protected.

I accept, in principle, this thought which I believe the hon. Member wished to express in this Bill. The problem that confronts me, however, is that it should not be done on a piecemeal basis across the country. I feel the Minister of Transport (Mr. Pickersgill) should be concerned with the application of policy generally throughout Canada. I am sure all of us have shared in the observance of the various methods and procedures adopted by countries to regulate monopolies and to make certain, as I said earlier, that public necessity and convenience is fully protected. We see public utility boards regulating telephone rates and railway rates because, obviously, you have a monopoly situation which could only exist under the operation of proper public utility boards who can analyse all the cost factors essential to a determination of fair and reasonable rates, or the extension of services.

Mr. Barnett: May I ask a question?

Mr. Lloyd: Yes.

Mr. Barnett: I wonder if the hon. Member has consulted section 12(4)(b) of the Transport Act which, in effect, places his part of the country in the same category as British Columbia?

Mr. Lloyd: If it applies to the East Coast?

Mr. Barnett: If I may say so, if the hon. Member would like to introduce a similar bill covering the East Coast, I would be pleased to support it.

• (5:50 p.m.)

Mr. Lloyd: I took it for granted, since it was a general provision in the statute, it would be a matter of Government policy that what is set out in Bill No. C-5 would be adopted right across the nation wherever the same principle applied. We can reduce it to its essential element, that wherever you have a situation in which captive users of the supplier of the service are exposed to his particular viewpoints of rate making and service, without regulation, then you have a bad social condition which should be brought under regulation. The converse of that is that where you have competing services and can clearly stipulate and identify them, then you hesitate about applying a government agency of a regulatory nature to enter into the production, as the end result, of rates that would come about by competition.

We have just finished some interesting Committee meetings on the proposed railway Bill. The very nice, all embracing term is used, that we are going to rationalize the railway transportation system in Canada. We know there are a lot of shortcomings and we start off with a Bill that seems to take care of them, but then we find in turn that it does not cover many situations that exist. Obviously there will have to be some real approach to the question of railway legislation.

During the course of the Committee meetings I was struck by the necessity to be alert in many situations where you have captive users across the country. You can have a captive user of an air line, of a shipping line, and indeed of a railway, and there must be many situations in Canada where the Department or the Minister of Transport might give some thought to a single agency regulating rates and services in the entire transport field. I would like to suggest the advisability of bringing all three, ship, rail and air, under one board, because it was quite clear in the Committee meetings that what the proposed Bill was trying to do was to provide a procedure whereby a board could identify areas of adequate competition to ensure protection of the public.

Then again you get into those situations where there are not exactly agreements between the large suppliers of transport but where you wonder if, in their mutual interests, there is not a tacit agreement which may require examination by a Government regulating authority.

What I am saying is that the principle on which this bill is founded requires greater concentration of thought on the part of the Minister and his Department, and we should look at what it attempts to achieve from a national policy point of view. It would be a shame if we were to deal with a relatively small section of the problem in B.C. without applying the policy generally throughout Canada. Such a bill should be on a nation-wide basis and be applicable wherever the same circumstances arise.

There would be a great deal of merit in examining the wisdom of establishing a single, national authority to regulate rates and services in the three transportation fields of air, railway and steamship lines. If that approach were taken I feel confident that the numerous attempts of the hon. Member for Comox-Alberni (Mr. Barnett) to achieve what he is trying to achieve in B.C. would be successful. On such short notice I cannot imagine all the kinds of situations that will arise when you try to distinguish between strictly competitive forms of transport, and monopoly situations, but some Government agency should exist to do this.

In the Atlantic region we are concerned that the proposed railway Bill suggests that the Board of Transport Commissioners would be able to regulate rates after some figure of 150 per cent above operating costs. We recognize some thought must have been given to this figure, but we want greater explanation why 150 per cent was selected in preference to 100 per cent, 75 per cent or even 200 per cent, before we can feel fully confident that this kind of policy should be supported.

We should press for the establishment of a Federal body that would regulate all three transportation services. Until we have that we will continue to add to our difficulties. Governments must be constantly alert wherever there is a monopoly situation.

Sometimes I wonder whether the C.B.C., operating as it is as a Government agency, and being confronted with a single C.T.V. station chain is in a truly competitive position. If there were two private C.T.V. station chains then we would have a competitive position, but we have not yet really polished the apple of administration to the extent that we can say that the C.B.C. and the single C.T.V. chain of stations are strictly competitive and therefore need no regulation. I think a very close and detailed examination along these lines might reveal some interesting facts.

Mr. Deputy Speaker: Order. The hour provided for the consideration of private Members' business has now expired.

BUSINESS OF THE HOUSE

Mr. MacLean (Queens): Mr. Speaker, I would like to ask the Acting House Leader if I am correct in assuming we will continue with the budget debate for the first three days of next week?

Mr. Pickersgill: Yes, Sir, that would be the intention, if we are spared.

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

APPENDIX

AIR CANADA—EXCHANGE OF TELEGRAMS RESPECTING WINNIPEG MAINTENANCE BASE

MOA319 YB132 1965 Apr 29 pm 3.48
Y LLA346 77=FD Winnipeg Man 29 218P CDT=

Right Hon Lester B Pearson P CMP=

Prime Minister of Cda Ottawa Ont=

Further to my telegram of April seven, local opinion is strongly opposed to continuing transfers of Air Canada personnel. This is felt to be violation of your promise to freeze situation pending receipt of Thompson Commission Report. Continuation of these moves is bound to prejudice policy decisions your Government must take when Thompson Commission Reports submitted to you. Earnestly request Transport Minister Pickersgill come to Winnipeg soonest to clarify situation with unions municipalities and provincial government representatives=

Duff Roblin

Prime Minister's Office
April 30, 1965

Hon. Duff Roblin,
Premier of Manitoba,
Winnipeg, Man.

Your telegram regarding transfers of Air Canada personnel received. You suggest transfers are felt to be violation of my promise to freeze situation pending receipt of Thompson Commission Report.

You surely recall the answer I gave you on March 21, 1964, to the question put to me by you about employment at Air Canada Maintenance Base. Your question was as follows:

Question: In terms of your statements in Parliament, what undertakings do you consider you have given about the maintenance of employment at the Winnipeg TCA overhaul base?"

Answer: "I said in Parliament on December 17 last year:

"It is the policy of the government to do everything possible to maintain employment at the TCA base in Winnipeg and, if possible, to increase it."

So far as TCA is concerned, this means that the base will continue to be used for the overhaul of Viscount aircraft as long as these aircraft are in service.

As far as the government is concerned, it means further that we will do everything we can to ensure that other aircraft work is available in Winnipeg so that the eventual withdrawal of the Viscounts is at least balanced by new activities.

This policy should not be interpreted as a guarantee that each particular job now filled in Winnipeg will continue indefinitely. Normal changes in technology and work methods, and the provisions of seniority rules between employer and employee, may lead to the disappearance or transfer of particular jobs. A dynamic industry cannot be frozen into a particular employment pattern.

My undertakings mean that there will be no transfer of work from Winnipeg by deliberate policy. On the contrary, the policy is to do our utmost to secure enough aircraft work to maintain or improve the present employment level."

Information provided by Air Canada indicates that all transfers made or in contemplation are being made pursuant to collective agreements in strict accord with my answer given to you and with all subsequent statements made on behalf of this government.

L. B. Pearson.

HOUSE OF COMMONS

Monday, May 3, 1965

The house met at 2.30 p.m.

(2:40 p.m.)

PRIVILEGE

MR. LAPRISE—REPORTED INCORRECT STATEMENT BY AGRICULTURE MINISTER

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I rise on a question of privilege affecting all hon. members in view of the fact that on April 28 last the Minister of Agriculture (Mr. Hays) gave a false reply to a question I had directed to him. That question can be found on page 689 of *Hansard* and it read as follows:

Would the Minister inform the house whether he has replied to the letter sent to him by the Quebec minister of agriculture, Mr. Courcy, requesting assistance for farmers in Abitibi-Témiscamingue? If not, does he intend to do so in the near future?

The minister answered:

Yes, Mr. Speaker.

Later on the hon. member for Pontiac-Témiscamingue (Mr. Martineau) asked the minister the following supplementary question:

The minister replied that he had assured farmers in northwestern Quebec that they would receive help. Could he tell us what is the nature of the assistance he intends to give them?

The Minister of Agriculture answered:

I said I was going to answer the letter.

Now, Mr. Speaker, I have here a letter from the deputy minister of the federal Department of Agriculture which prompts me to ask some questions. That letter is addressed to Dr. Ernest Mercier, deputy minister of agriculture in the province of Quebec, and is dated from Ottawa, April 22, 1965, that is six days before the answer given to me by the minister on April 28. I quote the letter sent to Dr. Ernest Mercier:

[*Text*]

Before my minister left Ottawa last week, he asked me to tell you that it had been decided that the Government considered it should not participate in payments to farmers for crop losses in Quebec 1964.

Your very truly,
S. C. Barry,
Deputy Minister

[*Translation*]

The content of this letter shows clearly that a decision had been taken long before April 28, and that in spite of that fact the minister misled the house in deliberately giving a wrong answer.

Here is my question of privilege. Why is the government refusing to help farmers in the province of Quebec although a request has been made to that effect? Is the minister aware that Quebec is still part of Canada and that the government is not so penny pinching when it comes to granting similar assistance to other provinces or other countries?

[*Text*]

MR. CHOQUETTE—FIRE IN CONSTITUENCY OF LOTBINIÈRE

[*Translation*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I am sure the house will allow me to raise this brief question of privilege.

A conflagration threatened the whole population of St. Gilles in Lotbinière county. Fortunately it was brought under control and there was no loss of life; however, this calamity turned several families into the street.

I should like to take the opportunity afforded me in the house to express my deepest sympathies to all the stricken families and ask on their behalf the federal, provincial and municipal authorities to provide them with some assistance.

[*Text*]

CROWN CORPORATIONS

PROVISION WITH RESPECT TO BILINGUAL NAMES

[*Translation*]

Mr. Réal Caouette (Villeneuve) moved for leave to introduce Bill No. C-100, respecting the bilingual designation of certain crown corporations.

An hon. Member: Explain.

Mr. Caouette: Mr. Speaker, the explanation is quite simple. I list in this bill eleven crown corporations which have only an English name.

I suggest in this bill that those names should be translated into French so as to prove that those corporations, coming under federal jurisdiction, must have a French as well as an English designation.

I think all hon. members will understand that it is important those corporations should be somewhat Frenchified.

Motion agreed to and bill read the first time.

[*Text*]

INDIAN CLAIMS COMMISSION

PROVISION FOR ESTABLISHMENT, DUTIES, ETC.

Hon. J. R. Nicholson (Minister of Citizenship and Immigration) 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 the House do go into Committee of the Whole at its next sitting to consider the following proposed resolution which has been recommended to the House by His Excellency:—

That it is expedient to introduce a measure to provide for the disposition of Indian claims and in relation thereto,

1. To provide for the establishment of an Indian Claims Commission;
2. To provide for the duties of the Commission, its decisions and awards;
3. To provide for appeals from the decisions and awards of the Commission to an Indian Claims Appeal Court;
4. To provide assistance to Indian bands in preparing and pursuing claims; and
5. To enact such financial provisions as may be necessary to accomplish the purposes of the Act.

Motion agreed to.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

HEALTH SERVICES COMMISSION—PAYMENTS TO MEMBERS

Question No. 73—**Mr. McCutcheon:**

What was the total of the per diem or special allowance for each member of the Royal Commission on Health Services from the time of its inception to the present date?

Mr. Jack Davis (Parliamentary Secretary to Prime Minister): The total per diem allowance received by each Commissioner during the period June 20, 1961 to January 1, 1965 is as follows:

Baltzan, D. M., $18,750; Firestone, O. J., $47,250; Girard, Miss Alice, $15,000; Strachan C. L., $15,200; Van Wart, A. F., $14,550; McCutcheon, M. W., Nil; Hall, Justice E. M. (Chairman), Nil.

[Mr. Caouette.]

PERSONNEL OF HONG KONG IMMIGRATION OFFICE

Question No. 74—**Mr. Lambert:**

1. As at April 1, 1965, what is the actual number of the personnel of the Canadian immigration office at Hong Kong and what are the relative proportions between those of Canadian citizenship and those hired locally?
2. What is the breakdown by positions in the establishment of the Hong Kong immigration office?
3. Are any increases in the size of staff contemplated for this office?
4. Are there any persons undergoing training for posting to the Hong Kong office?
5. What were the relative figures with respect to April 1, 1964, where applicable, to the above questions?

Mr. Hubert Badanai (Parliamentary Secretary to Minister of Citizenship and Immigration): 1. As at April 1, 1965, personnel at the Canadian Immigration office at Hong Kong totalled 23, 8 Canadian and 15 locally engaged.

2. The present establishment for the Hong Kong office is as follows: Canadian: 1 officer in charge; 1 assistant officer in charge; 6 visa officers; 1 secretary.

Locally engaged: 1 registry supervisor; 1 senior stenographer-interpreter; 1 senior typist-interpreter; 6 stenographer-interpreters; 1 receptionist; 2 senior registry clerks; 2 registry clerks; 1 messenger.

3. No. However, the reorganization of the Immigration Branch now under way which includes a staff requirement survey at each overseas post may result in an increase at Hong Kong.

4. Not specifically for Hong Kong. Officers accepted for overseas service in the Immigration Branch receive training which qualifies them for rotational service at any overseas post including Hong Kong. A group of foreign service officers are now undergoing general training and a further group will be taken on strength shortly.

5. (a) As at April 1, 1964, personnel at the Canadian Immigration office at Hong Kong totalled 21, eight Canadian and 13 locally engaged. (b) As at April 1, 1964, the establishment for the Hong Kong office was as follows:

Canadian: 1 officer in charge; 1 assistant officer in charge; 6 visa officers; 1 secretary.

Locally engaged: 1 registry supervisor; 1 senior stenographer-interpreter; 1 senior typist-interpreter; 6 stenographer-interpreters; 1 receptionist; 2 senior registry clerks; 1 messenger.

RESTORATION OF H.D.-4 HYDROFOIL

Question No. 91 (Supplementary)—**Mr. Muir (Cape Breton North and Victoria):**

1. Has the structural restoration work begun on the H.D.-4 hydrofoil?
2. When is it anticipated that this restoration will be completed?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): 1. No.

2. In 1969.

REDUCTION OF C.N.R. FREIGHT SERVICE, WOODSTOCK, ONT.

Question No. 98—**Mr. Nesbitt:**

1. To what extent are C.N.R. freight services being relocated of curtailed in the City of Woodstock, Ontario?
2. Are further curtailments of C.N.R. freight services presently planned?
3. What are the reasons for the present relocation and curtailment of C.N.R. freight services?
4. Have the new arrangements caused a delay of one full day in the delivery of freight to Woodstock?
5. What is the cost of transporting freight by truck from the City of Brantford to the City of Woodstock?
6. How much money is saved by these new arrangements?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Management of Canadian National Railways advise as follows: 1. As of March 15 express freight traffic, which theretofore had been handled on and off of line service cars directly at Woodstock, is now routed through the Railway's major distribution terminal at Brantford from where it is delivered by highway vehicles.

2. There has been no curtailment of Canadian National Railways service, either carload or express freight, and none is contemplated.

3. The change in the manner in which express freight traffic is handled is part of a pattern of similar changes being made at other points in an endeavour to improve the service and extend potential market areas. It enables the Railway to take advantage of through cars moving between Brantford and other principal market centers, thereby reducing the number of times the traffic has to be handled and achieving a better utilization of rail equipment and accelerating express freight train schedules.

4. Initially, there were some delays caused by a local handling error. However, corrective action was taken and further checks confirm there has been no deterioration in the previous service standards.

5. It is the opinion of Management that to disclose cost data on one particular service or route could be prejudicial to the competitive position of the railway.

6. The primary purpose of arrangements of this kind is to provide improved service which will attract additional business. However, in this particular case, the cost of operation is expected to be less under the new arrangement than under the previous pattern of service.

EMPLOYMENT OF CREW OF TUG "CANSO"

Question No. 111—**Mr. Muir (Cape Breton North and Victoria):**

1. On what date was the Department of Public Works tug *Canso* taken out of service?
2. How many crew members were released from employment as a result of the decommissioning of this vessel?
3. How many members of the crew have been placed in other positions with the department and what are their names and addresses and new positions?
4. Has the former master of this vessel been considered for any other available employment that the department may have?
5. Has the former master of this vessel been referred to other government departments and agencies for employment on vessels or elsewhere in the public service?
6. Has the former master of this vessel been placed on a lay-off list and considered for future vacancies on the departmental vessels or for other departmental positions becoming vacant?
7. How many years service has the former master of the vessel had with the Department of Public Works and is he a veteran?

Hon. Lucien Cardin (Minister of Public Works): 1. Taken out of service at the end of the season, December 15, 1964.

2. Ten.

3. One; O. E. Bourgeois, Cheticamp, Inverness, N.S. mate of *Canso* to mate on Dredge 400 in Newfoundland.

4. Yes.

5. Yes.

6. Yes.

7. Sixteen years. He is a veteran (merchant marine).

OTTAWA—N.C.C. PURCHASE OF PROPERTY

Question No. 114—**Mr. Thompson:**

1. When was the property owned by Harold Nesbitt purchased by the National Capital Commission, and for what price?
2. What does the N.C.C. intend to do with this property?
3. Has any action been taken with regard to the proposed use of this land and, if so, what has been done?
4. Has the N.C.C. been approached by any individual or concern with a view to renting this property for other purposes?

Questions

Hon. Lucien Cardin (Minister of Public Works): I am informed by the National Capital Commission as follows: 1. The property, formerly owned by Harold Nesbitt, comprising 356.14 acres located in Lots 11, 10, 9, 8 and 7, Concession 1, Ottawa Front, Nepean, was expropriated by the National Capital Commission on 7 July 1959 (Inst. No. 390,735). Compensation in the amount of $344,998.67 was made for this property and included value of the disturbance and interest from the date of expropriation to the date of settlement.

2. The Nesbitt property was acquired for Greenbelt purposes. Seventy acres have been leased to the Northern Electric Company for the erection of a pilot plant for various electronic developments. The balance of the property will be used for reforestation and will be planted with mixed stand of hardwoods and softwoods under the direction of or by the Ontario Department of Lands and Forests.

3. Seventy acres have been leased to the Northern Electric Company and the building on the site is nearly completed. Arrangements have been made with the Province of Ontario to carry out the program of tree planting.

4. From time to time the National Capital Commission has been approached by individuals wishing to rent the Nesbitt property for farming. Messrs. Lake and Phanenhour were tenant farmers in 1960-1962 and 1962-1965 respectively. Both left the property owing the Commission a substantial amount of rental. In the first instance, the Commission had been unable to collect the arrears and in the second case, negotiations to collect the arrears are continuing. An informal approach to a member of the N.C.C. staff was made by the Agriculture Representative for Carleton County of the Department of Agriculture of the Province of Ontario, Mr. D. Black and also from Wm. Wammes asking to rent the property for farm use. However, the Commission analyzed the desirability of using the property for farm purposes and found that to make the property suitable for farm use would likely require an expenditure of about $20,000 to $25,000. The rental for the Nesbitt Farm based on the leases with the former tenants, amounted to $3,200 per annum.

HOUSING LOAN APPLICATIONS

Question No. 115—**Mr. Caouette:**

1. During the past three years, how many loans were applied for from Central Mortgage and Housing Corporation in (a) Canada (b) the province of Quebec and (c) Villeneuve county and of these how many were approved?

2. What is the average and total amounts of loans approved in (a) Canada (b) the province of Quebec (c) Villeneuve county?

3. On what criteria is acceptance or refusal of such loans based?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): 1 and 2.

Direct CMHC Loans for New Housing, Under the National Housing Act 1962-1964

	Loan[1] Applications		New Loans Approved		
	Dwelling Units	Loans	Dwelling Units	Amount $000	Average Amount of Loan Per Dwelling Unit $
Canada	82,884	59,773	67,995	816,872	12,014
Province of Quebec	24,886[2]	20,021	20,896	252,468	12,082
Federal Constituency of Villeneuve	[3]	111	117	1,291	11,023

[1] Loan applications do not include preliminary negotiations relating to loans to limited-dividend and non-profit corporations.

It should be noted that differences between the number of loan applications and the number of loans approved arise not only because of applications rejected by Central Mortgage and Housing Corporation but also because of withdrawals and cancellations by prospective borrowers.

[2] Excludes applications relating to Hull area up to mid-1964 when the CMHC Hull office was opened. Prior to that the area was served by the CMHC Ottawa office and separate data on loan applications were not compiled for the Hull area.

(3) Data on loan applications are compiled only by CMHC field office areas and are not therefore available for other geographical divisions.

3. The approval of loan applications relating to dwellings for owner-occupancy depends mainly on the ability of the borrower to repay the proposed loan and the expected value of the proposed dwelling over the life of the loan.

There are a number of requirements under the National Housing Act relating to the assessment of these two matters. For example, monthly payments of loan principal, interest, and taxes, should not, generally, exceed 27 per cent of the borrower's monthly income. The regulations under the Act also require that the borrower provide equity from his own resources of at least 5 per cent of the value of the property. This equity may be in the form of cash, land or labour or a combination thereof.

So far as the property is concerned, a principal requirement is that construction meet the standards set by the National Building Code and any local ordinances. Sewage disposal must, generally, be by sewer rather than by septic tank. Special attention to the long-term value of the property is given if it is located close to an airport or pipe-line for hydro-carbon materials.

UNEMPLOYMENT INSURANCE APPLICATIONS, DORCHESTER COUNTY, QUE.

Question No. 145—**Mr. Boutin:**

1. How many workers of the county of Dorchester applied for unemployment benefits in the years 1960-61-62-63-64, and of these (a) how many applications were approved (b) how many were rejected?

2. In proportion to the manpower available in the said county, what were the percentages of unemployed during the years 1960-61-62-63-64?

Hon. A. J. MacEachen (Minister of Labour): 1. The Unemployment Insurance Commission advises that statistics concerning the number of workers residing in the county of Dorchester and who applied for unemployment insurance benefit in the years 1960-61-62-63-64, are not available.

2. The National Employment Service does not maintain statistics on manpower available by counties nor can it supply percentages of unemployed in the county of Dorchester for the years 1960-61-62-63-64.

ACCIDENTAL POISONINGS

Question No. 163—**Mr. Mather:**

1. How many persons were treated in Canadian hospitals in 1964 for accidental poisoning?

2. What, giving numbers, was the substance most often involved in these accidental poisoning cases?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): 1. Approximately 20,000.

2. Acetylsalicylic acid, about 5,000.

RETENTION OF UNION STATION, OTTAWA

Question No. 171—**Mr. MacLean (Queens):**

Is it the intention of the government to retain Union Station, in Ottawa for some suitable purpose as well as for its historic value, when its use as a railway station has terminated?

Hon. Lucien Cardin (Minister of Public Works): I am informed by the National Capital Commission as follows: The Parkin Plan for the redevelopment of Confederation Square which was approved in principle by the Government calls for the removal of the Union Station together with the buildings between Union Station and Sussex Street. The Plan proposes the widening of the Canal basin at this point and the construction of a convention hall.

PENSIONS OF RETIRED CIVIL SERVANTS

Question No. 176—**Mr. Knowles:**

1. How many retired civil servants are receiving pensions of amounts within each of the following brackets: (a) less than $20.00 per month (b) $20.00 to $29.99 per month (c) $30.00 to $39.99 per month (d) $40.00 to $49.99 per month (e) $50.00 to $59.99 per month (f) $60.00 to $69.99 per month (g) $70.00 to $79.99 per month (h) $80.00 to $89.99 per month (i) $90.00 to $99.99 per month (j) $100.00 to $149.99 per month (k) $150.00 to $199.99 per month (l) $200.00 to $249.99 per month (m) $250.00 to $299.99 per month (n) $300.00 per month and over?

2. How many widows of retired civil servants are receiving pensions of amounts within each of the brackets indicated in the above question?

3. What is the number of retired federal civil servants and also the number of widows of retired federal civil servants presently residing in each province?

Mr. L. T. Pennell (Parliamentary Secretary to Minister of Finance):

1.			Retired Civil Servants
(a)	less than	$ 20.00 per month	462
(b)	$ 20.00 to	$ 29.99 " "	1,230
(c)	$ 30.00 to	$ 39.99 " "	1,761
(d)	$ 40.00 to	$ 49.99 " "	1,722
(e)	$ 50.00 to	$ 59.99 " "	1,705
(f)	$ 60.00 to	$ 69.99 " "	1,570
(g)	$ 70.00 to	$ 79.99 " "	1,436
(h)	$ 80.00 to	$ 89.99 " "	1,345
(i)	$ 90.00 to	$ 99.99 " "	1,261
(j)	$100.00 to	$149.99 " "	5,523
(k)	$150.00 to	$199.99 " "	3,851
(l)	$200.00 to	$249.00 " "	2,652
(m)	$250.00 to	$299.99 " "	1,464
(n)	$300.00 or over	" "	1,835

2.	Widows
(a) less than $ 20.00 per month	1,619
(b) $ 20.00 to $ 29.99 " "	1,760
(c) $ 30.00 to $ 39.99 " "	1,680
(d) $ 40.00 to $ 49.99 " "	1,463
(e) $ 50.00 to $ 59.99 " "	1,348
(f) $ 60.00 to $ 69.99 " "	1,171
(g) $ 70.00 to $ 79.99 " "	1,112
(h) $ 80.00 to $ 89.99 " "	750
(i) $ 90.00 to $ 99.99 " "	561
(j) $100.00 to $149.99 " "	1,594
(k) $150.00 to $199.99 " "	367
(l) $200.00 to $249.99 " "	104
(m) $250.00 to $299.99 " "	50
(n) $300.00 or over " "	31

3.	Retired Civil Servants	Widows
Newfoundland	298	110
Prince Edward Island	162	89
Nova Scotia	1,236	653
New Brunswick	805	415
Quebec	4,847	2,426
Ontario	12,115	6,037
Manitoba	1,397	561
Saskatchewan	902	369
Alberta	1,489	647
British Columbia	3,958	1,959
Territories	30	8
Outside Canada	578	336

EXTERNAL AFFAIRS

DOMINICAN REPUBLIC—REQUEST FOR STATEMENT OF CANADIAN POSITION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to ask the Prime Minister if he is in a position to give a report to the House regarding events which are taking place in the Dominican Republic. Is he in agreement with the President of the United States that communist conspirators are endeavouring to turn the Dominican Republic into another communist base? Has he given assurance to the Government of the United States of the support of Canada in any action they may take to prevent this area becoming a communist country?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the Government has been in touch, through its embassy in Washington, with the United States Government with regard to the tragic developments in the Dominican Republic; it has been recognized that the United States Government has intervened in the Dominican Republic for the protection of its own citizens as well as those of other countries. It is recognized also, Mr. Speaker, that evidence has been stated to exist indicating intervention in the Dominican Republic with a view to bringing about a Castro type government in that island.

I am not able to assess the significance of that evidence at the present time. I do realize that, as President Johnson has already stated, the responsibility for the restoration of stability and security in that unhappy country, apart from the responsibility which attaches to its own people, is in the hands of the Organization of American States, and that organization has at present a committee of five in the Dominican Republic.

Perhaps, Mr. Speaker, I could also give the House a word about the position of Canadians on the island. Officials of the Department of External Affairs have been in telephone communication with the officers of the Canadian Embassy in Santo Domingo Saturday, Sunday and this morning. The Embassy reported that a further 11 Canadians were evacuated over the week end and others were expected to leave today. All Canadians, wives and dependants, who wished to leave have left. Officials informed us this morning they are maintaining contact with several Canadian citizens who have elected to remain in Santo Domingo, in order to extend any further assistance and keep informed of their welfare. There are no reports of Canadian casualties.

Outside of Santo Domingo there are approximately 110 Canadian citizens. According to present reports none of these appear to be in danger. However, should the civil disturbances spread to the countryside, evacuation facilities will continue to be available for Canadians living outside the capital as well as those in Santo Domingo. The Embassy has been in touch by telephone with Falconbridge Nickel plant about 40 miles from Santo Domingo and reports the plant is operating without difficulties, although they may start today to evacuate some of their personnel.

The Embassy is also investigating reports that the main branch of the Royal Bank of Canada has been looted.

Mr. Diefenbaker: I know the House will be happy to learn about the situation regarding Canadian nationals. I should like to ask the Prime Minister now if he would answer the question I asked, namely, has Canada communicated with the administration of the United States to give its support to the stand being taken by the United States? Has it been in touch with the Organization of

American States in this connection? I seem to recall that during the Cuban situation the right hon. gentleman thought we ought to tell the United States that we were with them 100 per cent, and mentioned also that we should join the Organization of American States without delay. I should like the Prime Minister to answer the question I asked in this regard so there will be no misunderstanding in the United States as to the stand taken by Canada. Has there been such a communication and, if not, why not?

• (2:50 p.m.)

Mr. Pearson: Mr. Speaker, I do not think it is accurate to equate the situation in Santo Domingo, tragic as it may be, with the situation in Cuba to which my right hon. friend referred, when the question was one of active intervention by the Soviet Union in Cuba. There is no situation of that kind in Santo Domingo so far as I know at the present time.

In so far as the intervention in the rebellion in Santo Domingo by elements that are attempting to bring about a communist takeover is concerned, we have not received sufficient evidence from the United States authorities—and we are in touch with them on this matter—to justify any conclusion on our part at this time. So far as the Organization of American States is concerned, we have been following the discussions of that body, of which we are not a member, and we view with interest and concern the step they have taken, which I have already reported to the House, in sending a committee to Santo Domingo with a view to bringing about a cessation of hostilities and the resumption of peace.

Mr. Diefenbaker: Mr. Speaker, I do not want to dwell on this too long or to ask too many questions, but with our mission in Santo Domingo and with the administration of the United States so close at hand, does it not strike the Prime Minister as strange that no information has been received yet by the Government of Canada indicating not only communist infiltration but encouragement and support?

Mr. Pearson: Mr. Speaker, there is no evidence in our possession—and we have been trying to get all the evidence we can—which would lead us to the conclusion that communists from Cuba are taking over the rebellion, although they are no doubt involved in it. But I repeat, Mr. Speaker, there is a distinction in my mind between the intervention of the Soviet Union in Cuba and the intervention of Cubans in Santo Domingo.

Mr. Diefenbaker: I have one more question. Has the Prime Minister in this case recommended another pause to the President of the United States?

Mr. R. N. Thompson (Red Deer): Mr. Speaker, my question is for the right hon. Prime Minister. Does he not think it would be advantageous at this time if Canada were a member of the Organization of American States, and does he not think that the reservoir of good will and the good offices of Canada could be used to better effect at this particular time if Canada were within the organization instead of without?

Mr. Pearson: Mr. Speaker, I am very interested to receive the hon. gentleman's opinion on this matter.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I direct a supplementary question to the right hon. Prime Minister. Has the Government of Canada received any information as yet as to whether there is any relationship between the bomb explosion at the United States Consulate in Montreal and the present events in the Dominican Republic?

Mr. Pearson: No, Mr. Speaker.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to ask the Prime Minister a supplementary question, and I want to ask him this question not as Prime Minister but as a humane individual. Does the Prime Minister in his own heart think the United States has the right to violate the sovereign rights of the Dominican Republic by the landing of marines?

Mr. Pearson: Mr. Speaker, I think it is well known in international law—indeed it is accepted in the Organization of American States—that a government has the responsibility for protecting its own people in situations of insurrection and disturbance when those citizens are in danger and when the forces of law and order seem to have temporarily disappeared.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I ask the Prime Minister a supplementary question?

Last night I heard a direct broadcast made by the President of the United States. He said that former president of the Dominican

Republic, Mr. Bosch, was now in the hands of communists and that the United States had to take steps to protect her citizens in that country as well as citizens of some 30 other countries. The President added that the United States would not tolerate another communist government in this hemisphere or in the western world.

Has the President of the United States been in touch with the Prime Minister in this regard? Is the Prime Minister aware that 30 countries are affected by what is happening in Santo Domingo? Does the Prime Minister feel that Canada must follow to the letter the policy advocated on television last night by the President of the United States?

[*Text*]

Mr. Pearson: We have received statements that have been made by the President. We are following very closely what is going on in the Dominican Republic and also in Washington with respect to this matter.

Mr. Eldon M. Woolliams (Bow River): A supplementary question. My question to the Prime Minister is this. Has he and has his Government differed with the President of the United States with respect to their policy concerning the Dominican Republic as he did, and as his Government did, with regard to Viet Nam? Has there been that kind of disagreement?

Mr. Pearson: I do not accept the hon. Member's premise. I have made it clear that this Government has supported the purposes of U.S. policy in Viet Nam. I have nothing to say on United States policy in Santo Domingo in the very difficult situation of the present time.

Mr. Woolliams: Will the Prime Minister not openly admit that he had a row with the President of the United States with reference to their policy in Viet Nam?

Some hon. Members: Oh, oh.

Mr. Pearson: No, Mr. Speaker. That is a false statement.

Mr. Nicholas Mandziuk (Marquette): My question is supplementary to the question asked by the Leader of the Opposition. While we are pleased to hear that there are facilities for evacuating Canadian nationals from Santo Domingo, may I ask the Prime Minister to tell us which country is in charge of these evacuation arrangements? Is this being done through the Canadian air force or are we relying on the Americans?

[Mr. Caouette.]

Mr. Pearson: The United States has made its evacuation facilities available to Canadians and nationals of other countries, and I think we should be very grateful for the services of the United States in this regard.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Caouette: Mr. Speaker, I should like to direct a further supplementary to the Prime Minister in connection with the situation in the Dominican Republic.

When the President of the United States states that he will not tolerate in this hemisphere or close to our western frontiers the setting up of another communist government, is he authorized to speak on behalf of the Canadian people and the Canadian government, in short for Canada?

[*Text*]

Mr. Pearson: The President was, of course, speaking for his own country and for his own Government.

BUSINESS OF THE HOUSE

CONSIDERATION OF PROCEDURE MEASURES FOLLOWING BUDGET DEBATE

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): My question is not directed to events in the Dominican Republic. I want to ask the Prime Minister what his intentions are with regard to house business after the debate on the budget has been completed. In particular I should like to know whether he intends to go ahead with the reform measures affecting Parliamentary procedure. I ask this question in view of what seem to me to be inspired stories that the Government intends to use such a debate to create a situation leading to dissolution.

Right Hon. L. B. Pearson (Prime Minister): I do not know what the hon. gentleman means by "inspired stories" unless he is referring to his own column.

Some hon. Members: Oh, oh.

Mr. Pearson: I should like to assure him that in my view the inspiration for that column is often very dubious.

As to his question, which is a very reasonable question indeed concerning the business of the House, I hope to be able to make a statement on that matter tomorrow.

CONSIDERATION OF AMENDMENTS TO BANK ACT

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the Minister of Finance. In view of the rather lengthy, complicated and important nature of the subject, can he tell the House when the Government intends to introduce the amendments to the Bank Act?

Hon. Walter L. Gordon (Minister of Finance): I hope very soon, Mr. Speaker.

Mr. Lambert: A supplementary question, Mr. Speaker. Is "very soon" a matter of within the next few days or within the next fortnight?

Mr. Gordon: The Prime Minister said he would be making a statement tomorrow about the order of business, and I think it would be inappropriate for me to say anything further at this moment.

AGRICULTURE

ASSISTANCE TO FARMERS IN BRITISH COLUMBIA AND QUEBEC

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): I have a question for the Minister of Agriculture. Is the Minister aware that the disastrous frost and cold spell of last winter in British Columbia caused heavy losses in soft fruits, besides damage to the apple crop and heavy damage to trees, as a result of which the whole fruit industry has suffered a costly setback?

Hon. Harry W. Hays (Minister of Agriculture): Yes, Mr. Speaker, I am familiar with this situation, and I am in consultation with the Minister of Agriculture of British Columbia at all times.

• (3:00 p.m.)

Mr. Pugh: A supplementary question based on the last words of the Minister. Would the Minister keep in touch with his departmental officials so that when the losses are fully calculated a program of aid, in conjunction with the Province of British Columbia, may be made available?

Mr. Hays: I might tell the hon. Member that last year he will remember—I believe he voted for it—a crop insurance scheme was set up in which all provinces could participate. Under the scheme the Federal Government pays 20 per cent of the premiums and half the administration cost. We hope the Government of

British Columbia will see fit to implement such a crop insurance scheme in which these people may participate.

Mr. Pugh: A further supplementary. I quite realize all that has gone on in crop insurance since the scheme was first brought in, but would the Minister care to say when he last had any correspondence or conversation about crop insurance with the Minister of Agriculture of the Province of British Columbia?

Mr. Hays: I cannot say just when, Mr. Speaker, but I will be glad to get the information and pass it to the hon. Member.

[*Later:*]

[*Translation*]

Mr. Raymond Langlois (Mégantic): Mr. Speaker, further to the answer given by the Minister of Agriculture a short while ago, I should like to put to him another question about joint programs of crop insurance.

Has the province of Quebec made known its intention to take part in this federal-provincial program of crop insurance which the minister intends to establish or about which he has been talking for a year and which is now under consideration by the provinces?

[*Text*]

Mr. Hays: If they have, Mr. Speaker, they have not communicated with me.

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I have a supplementary question for the Minister of Agriculture.

Just a few moments ago the minister stated that he was ready to consider a claim from the government of British Columbia so as to provide assistance to the farmers of that area. Could he tell us what kind of assistance was asked of him by the Quebec minister of agriculture and why he has refused to provide such an assistance to the Quebec farmers?

[*Text*]

Mr. Hays: Mr. Speaker, I did not assure the hon. Member from British Columbia that we were doing this; if the hon. Member will read the answer tomorrow he will learn that I did not say that.

So far as Quebec is concerned, as hon. Members are aware, it is the responsibility of the provincial Governments to provide assistance to farmers who have suffered crop losses as a result of adverse or abnormal weather conditions. The Federal Government

however, has always been prepared to participate in any relief assistance program established by a province when the magnitude of the emergency was such as to make it difficult for a Province to finance such a program alone. During 1964 the Federal Government has participated with the provinces of Quebec, Ontario, Manitoba and Saskatchewan in providing freight assistance on fodder shipped to farmers in dried out areas of those provinces.

In so far as the request received from the Province of Quebec for federal participation in relief assistance to farmers in that Province who suffered crop losses during 1964 from other causes, the Government has reviewed this request and is of the opinion that the relief programs proposed by the Province are such that they could be financed by the provincial authorities. Under the circumstances we have advised the Province that we will not participate in the relief programs proposed.

I should point out that in order to provide an organized program under which farmers throughout Canada would be assured at all times of securing some financial protection against crop losses, the Federal crop insurance program was established. Under this program the Federal Government provides, as I said, 20 per cent of the premiums so far as the farmers are concerned and half the administration cost. I would hope that the Province of Quebec would see fit to institute such legislation.

[*Translation*]

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

Can the minister tell the house whether his refusal to give assistance to the farmers in the province of Quebec—which had been requested by the minister of agriculture of that province—is intended to compel the province of Quebec to accept the crop insurance program of the federal government?

[*Text*]

Mr. Hays: I would not say so, Mr. Speaker, but I hope they will consider it.

Mr. Pugh: Mr. Speaker, I have a supplementary question for the Minister of Agriculture which is a follow-up on crop insurance. In asking my supplementary question on crop insurance I did not wish to leave any impression that we have had anything less than a disaster to the fruit industry in the Province of British Columbia. Trees have been killed, with disastrous consequences to growers for somewhere up to 10 years in the case of apple trees which have been lost; in other words, there will be no production during that time.

My question was on a soft note to the Minister because I merely want to make sure, first of all, that he is aware of the situation, and second, that exclusive of crop insurance or any other aid which may be forthcoming from the Province the Minister will keep his mind on the losses which have been incurred and at the proper time will be able to assess the situation and see whether, first of all, there is responsibility on the part of the Federal Government, and second whether the Federal Government will come to the aid of the Province and of the fruit industry.

Mr. Hays: I thank the hon. Member for all his suggestions.

TAKING OF BLOOD SAMPLES FROM ONTARIO DAIRY FARMERS

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): Mr. Speaker, I should like to direct a question to the Minister of Agriculture. Is the Minister aware that the Federal Department of Health has representatives calling on dairy farmers in Ontario to take blood samples from the farmers in connection with kew fever?

Hon. Harry W. Hays (Minister of Agriculture): I am not familiar with that fact, Mr. Speaker, but I know of a few people around here who should have blood samples taken.

Mr. Webb: I have a supplementary question, Mr. Speaker. In view of the fact that apparently none of the representatives calling on these farmers can supply an explanation, will the Minister explain what kew fever is?

Mr. Hays: Yes. If you will come out behind the barn I will tell you.

Some hon. Members: Oh, oh.

DOMINION-PROVINCIAL RELATIONS

QUEBEC—PROVINCIAL RESPONSIBILITY IN HOUSING AND JOB PLACEMENT

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, my question is directed to the Minister of Citizenship and Immigration in his capacity as spokesman for Central Mortgage and Housing Corporation in this House. My question is based on the statement made by the Quebec Minister of Municipal Affairs over the week end. Has the Government of

the Province of Quebec, in a spirit of co-operative federalism, informed the Minister of its desire to take over the responsibility for housing in that Province? If not, is it the Minister's intention to contact the Quebec Government in this regard?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, there has been no communication on this subject from the Government of the Province of Quebec. I know that in the conversations that I had with the Prime Minister of Quebec and some of his Cabinet colleagues in early March they did indicate they intended to become more active in the housing field. Just what form their activities will take, whether they will or wish to proceed along the lines of establishing a housing corporation similar to that of Ontario, I do not know, and there has been no discussion about the matter since that March meeting.

Mr. Grafftey: A supplementary question directed to the Minister of Labour. Has the Government of the Province of Quebec, in a spirit of co-operative federalism, made its desires known to this Minister of the Canadian Government regarding the Province's wish to take over the job placement field and, if not, is it the Minister's intention to contact the Province of Quebec in this regard?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the answer to both questions is no.

Mr. Grafftey: Then I have a further supplementary question which I will now direct to the Prime Minister. Do not both these instances convince the Prime Minister that the time has now come to set up a parliamentary committee to study and modernize our constitution, making it a made in Canada constitution?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have nothing to add to what I said previously on this very important matter.

ADMINISTRATION OF JUSTICE

MONTREAL—BOMBING OF U.S. CONSULATE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, arising out of the question asked by the hon. Member for Oxford a moment ago respecting the deplorable conduct of certain individuals in connection with the bombing of the United States Consulate in the city of Montreal, the Minister of Justice being absent perhaps the Prime Minister could let the House know whether or not the R.C.M.P. has any responsibility for the protection of Embassies, mission buildings and the like and whether any information is available at the moment indicating that those who committed this act are about to be apprehended or have already been apprehended?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope my right hon. friend will allow me to take that question as notice and to answer it tomorrow.

NATIONAL DEFENCE

REASON FOR GROUNDING OF ARGUS AIRCRAFT

On the orders of the day:

Mr. Gerald A. Regan (Halifax): Mr. Speaker, I should like to direct a question to the Minister of National Defence. The question arises out of the announcement by the R.C.A.F. that all Argus antisubmarine aircraft in the Air Force have been grounded as a result of the discovery of corrosion in the fuselage of one of the aircraft. Can the Minister indicate to the House what type of investigation will be carried on, how long the aircraft will be grounded, and whether there is any suspicion that this was the cause of the crash of the Argus in the Caribbean area a month or so ago?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, during a routine maintenance inspection of Argus aircraft a technical defect was found. As a matter of precautionary safety all this type of aircraft operated by the Department are to be grounded until the investigation into this matter has been completed.

• (3:10 p.m.)

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to ask a supplementary question. Is the Minister of National Defence in a position to tell us what was the technical difficulty to which he referred?

Mr. Hellyer: Yes, Mr. Speaker, it was stress or granular corrosion to one of the fuselage members.

Mr. H. Russell MacEwan (Pictou): Can the Minister give the House any idea how long it will be before the investigation into the tragic Caribbean accident will be completed?

Mr. Hellyer: Mr. Speaker, the investigation has been going on, but has been handicapped somewhat by the location of the crash. I am not in a position to say at this moment when the investigation will be completed.

Inquiries of the Ministry

REDISTRIBUTION

INQUIRY AS TO REPORTS OF PROVINCIAL COMMISSIONS

On the orders of the day:

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I should like to refer to certain questions asked by the hon. Member for Queens and the hon. Member for York-Scarborough last Thursday, to which reference was also made in the House on Friday.

I have communicated with the office of the Representation Commissioner and am informed as follows. The reports to be made by each Commission under section 17 of the Electoral Boundaries Readjustment Act have been tentatively set for the following dates: New Brunswick, May 8; Newfoundland, May 14; Quebec, May 15; British Columbia, May 19; Nova Scotia, May 22 and Ontario, June 15. The commissions for the Prairie Provinces are not yet in a position to give an estimate of the time their reports will be completed. In respect of Prince Edward Island, I am sure all hon. Members are aware that that report was published on April 24.

INDIAN AFFAIRS

SCOPE OF INQUIRY INTO GAME AND FISH LAWS

On the orders of the day:

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, on Monday last, April 26, the hon. Member for Skeena inquired as to whether the Government would consider broadening the scope of the inquiry being undertaken by an interdepartmental committee to include hunting and fishing rights to Indians not covered by treaties. I expressed the opinion that the directions that had been given to this committee were quite wide enough to include such a study, but I promised that I would make sure if this was the case.

On investigation I found that my opinion was correct. It was always the intention of the Government that the inquiry should cover the hunting and fishing rights of all Indians, not simply those residing in treaty areas.

POWER

INQUIRY AS TO STUDY OF NATIONAL GRID

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): Mr. Speaker, every year at about this time I direct a question to the Minister of Northern Affairs and National Resources. I should again at this time like to ask him how the study of a national power grid is progressing.

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, we have let a contract for the second phase of the total study. The reports we are receiving are to the effect that these studies are moving along very well indeed. I expect a report from the second level of these studies some time in 1965.

APPLICATION FOR CONSTRUCTION OF HIGH ARROW DAM

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have a supplementary question. Can the Minister inform the House whether he has received an application from Dr. Hugh Keenleyside, co-chairman of the B.C. Hydro and Power Authority, for the licensing and building of the High Arrow dam under the International River Improvements Act?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): No, Mr. Speaker, we have not received such an application as yet.

LABOUR RELATIONS

VICTORIA, B.C.—RESTRICTIONS ON EMPLOYMENT ON AIRPORT CONSTRUCTION

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, I should like to direct a question to the Minister of Labour. Last Wednesday he undertook to check into reports that certain subcontractors were being ordered off the job at the Victoria airport. Can the Minister now say whether he has looked into this situation?

Hon. A. J. MacEachen (Minister of Labour): Yes, Mr. Speaker, I asked that an investigation be carried out into this situation. I have not as yet assembled all the information, but I will try to provide an answer to my hon. friend as soon as possible, hopefully tomorrow.

OLD AGE SECURITY

REQUEST FOR INCREASE IN PENSION PAYMENT

On the orders of the day:

Hon. Michael Starr (Ontario): Mr. Speaker, I wish to direct a question to the Right Hon. Prime Minister arising out of a statement issued last week by Sister Mary Vianney, Administrator of Providence Villa in the city

of Toronto, and endorsed by Metro social service officials, in which she stated that pensioners do not have enough money to feed themselves properly. In view of that statement, will the Prime Minister have a change of heart and begin his war on poverty by bringing in legislation at once to increase the old age pension?

NATIONAL ANTHEM

SUGGESTED CONTEST TO PROVIDE NEW WORDS FOR "O CANADA"

On the orders of the day:

Mr. R. R. Southam (Moose Mountain): Mr. Speaker, I should like to direct a question to the Right Hon. Prime Minister. In view of the parliamentary difficulties experienced in respect of the introduction of a new flag, and in view of the Government's intention as announced in the Throne Speech to institute "O Canada" as the National Anthem, will the Prime Minister give serious consideration to the launching of a national contest to provide "O Canada" with new and modern words which would be acceptable to all Canada? The winning lyrics of such a contest could be selected by a special committee of the House.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I hope that during this session of Parliament we will be able to adopt "O Canada" officially. I believe such a move would receive the general support of this House. I am not sure whether it is desirable to hold a contest to provide new words, but I will be glad to give consideration to this suggestion.

Mr. Nicholas Mandziuk (Marquette): I have a supplementary question I should like to direct to the Prime Minister. Will the Prime Minister assure this House that when a bill is brought forward to make "O Canada" our official anthem, it will be designed so there will be only one version applicable to all nationalities in Canada?

Mr. Pearson: I think that is a very interesting suggestion and has a good deal to commend it. We already have had some good discussions on this subject during private members' hour, and I am sure we will have more interesting discussions on the resolution before very long. Perhaps at that time we can deal with the matter in greater detail.

[*Later:*]

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I have a question for the Prime Minister related to the one asked him about "O Canada". Can he give the House the assurance that no measure dealing with "O Canada" will be brought before the House until after September 1?

TRANSPORT

PRINCE EDWARD ISLAND—SHORTAGE OF REFRIGERATOR CARS

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I should like to direct a question to the learned and capable Minister of Transport relating to what is reported to be one of the most serious shortages of refrigerator cars ever faced by the potato shippers of Prince Edward Island. Will the Minister make inquiries as to whether the C.N.R. has taken steps to alleviate this hurtful situation?

Hon. J. W. Pickersgill (Minister of Transport): I shall be glad to do so, Mr. Speaker.

VETERANS AFFAIRS

SUGGESTED REDUCTION IN SIZE OF REQUIRED LAND HOLDING

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, I have a question I should like to pose to the Minister of Veterans Affairs. Before the Minister makes a report to the House in respect of amendments to the Veterans' Land Act, which he indicated to the House a day or two ago he would be making in a short time, will he take into consideration the suggestion that the amendments include a reduction in the size of land holdings required to qualify for a loan?

Hon. Roger Teillet (Minister of Veterans Affairs): Yes, Mr. Speaker.

Mr. G. L. Chatterton (Esquimalt-Saanich): I have a supplementary question. Can the Minister give us his assurance that the proposed amendments to the Veterans Charter will be submitted to the Standing Committee on Veterans Affairs?

Mr. Teillet: Mr. Speaker, it is my hope that veterans legislation coming before this Parliament will be referred to that Committee.

• (3:20 p.m.)

PUBLIC SERVICE

SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I have a question for

the Prime Minister. Is he aware of the protest made by Mr. Claude Edwards, President of the Civil Service Federation of Canada, with respect to the apparent decision of the Government to take no action in the matter of increasing the pensions of retired civil servants? May I ask him this further question. In view of figures placed on *Hansard* today indicating that more than 5,000 retired civil servants and more than 5,000 widows of retired civil servants are drawing pensions of less than $50 a month, will the Government reconsider this important question?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have received a letter from Mr. Edwards expressing their disappointment, which I can understand. In that connection, Mr. Speaker, I should like to add that we have considered the representations made on behalf of retired civil servants on at least two occasions during the past year. The Government considers that the additional provision which Parliament has recently made to increase the amount of the old age security benefit by $10 a month, and to lower the age of eligibility next year to 69 and progressively thereafter to 65, does represent an added benefit for most retired civil servants and indeed for most other elderly Canadians, which is more substantial and significant and applies to a larger number of retired civil servants than the request the Federation has made.

So far as the question of increased living costs and reduced purchasing power and the effect upon the position of these former employees, which is an important part of the argument made by the retired civil servants, the Government considers that it has an equal responsibility to all our citizens to do what it can to protect them in this regard.

Mr. Knowles: A supplementary question, Mr. Speaker. Did the Government give consideration to the very effective case made on behalf of the retired Civil Servants by the hon. Member for Victoria, B.C. (Mr. Groos), during the debate on the address in reply to the Speech from the Throne?

Mr. Pearson: Yes, Mr. Speaker. I hope my hon. friend will believe me when I say we gave long and earnest consideration to every aspect of this matter.

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

[Mr. Knowles.]

INDUSTRY

DIRECT PURCHASE OF AUTOMOBILES FOR MOUNTED POLICE

On the orders of the day:

Hon. W. G. Dinsdale (Brandon-Souris): Mr. Speaker, I have a question for the Minister of Justice of which I gave him notice, but in his absence perhaps his Parliamentary Secretary could reply. What was the price per unit for the 127 vehicles purchased recently by the Government directly from the Ford Motor Company for the Royal Canadian Mounted Police?

Mr. Speaker: Order. Surely the hon. Member knows this is really a question for the order paper.

Mr. Dinsdale: With due deference, Mr. Speaker, perhaps I might be allowed to ask a supplementary question that will explain the urgency. Is the Government aware that this action has resulted in the Government of Canada going into the used car business, which is illegal under section 12 of the Manitoba Highway Traffic Act?

Mr. Speaker: Important as this question obviously must be, may I suggest it be put on the order paper.

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

EXTERNAL AFFAIRS

MEETING RESPECTING AGREEMENTS BETWEEN PROVINCES AND FOREIGN STATES

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the right hon. Prime Minister.

Does the Prime Minister intend to meet this week with Mr. Paul Gérin-Lajoie in order to discuss Quebec's intentions with regard to the signing of agreements and treaties between that province and foreign countries?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am at the moment in contact with the Prime Minister of Quebec with a view to arranging a very early meeting, I hope, with him and Mr. Gérin-Lajoie on this and other matters.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): A supplementary question, Mr. Speaker. Has the attention of the Government been directed to the remarks of His

Excellency Francois Leduc, French Ambassador to Canada, in this connection wherein he is reported by the Canadian Press to have said that what has taken place is perfectly normal? Will the Prime Minister secure a copy of the remarks of the Ambassador; because it seems rather strange that in a controversial matter such as treaty making the Ambassador should be giving his observations on the question.

Mr. Pearson: If my right hon. friend had read the text as I recall it, and I hope I am being accurate, his statement was to the effect that it was perfectly normal for Quebec to seek cultural and educational assistance from France, or words to that effect. That seems to me quite a reasonable statement to make.

Mr. Diefenbaker: Mr. Speaker, the Prime Minister has omitted the material part, which was:

> Call them agreements or ententes if you like. We French have very precise minds and we like to see arrangements in writing.

I would ask the Prime Minister to have this matter looked into, because the statement would indicate that a little more care should have been taken before it was made.

Mr. Pearson: Mr. Speaker, I will do my best to secure the text of what was said.

EARTHQUAKES

BRITISH COLUMBIA—REQUEST FOR STATEMENT ON EFFECTS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I am sorry to bother the Minister of Northern Affairs and National Resources again but I should like to ask him a question based on certain inquiries. On Friday I asked his Parliamentary Secretary if he could give a report with respect to the earthquake that did damage to Seattle and was felt as far north as Trail. The Parliamentary Secretary said the Minister was in Vancouver and was obtaining reports on the situation. Has the Minister anything to report to the House at this time in respect of this earthquake which was felt most severely in Seattle?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I believe it is generally agreed that there has been little or no damage in the Province of British Columbia. There was concern, of course, because the effects of the quake were felt over a range of some 600 miles and very severe damage has been done in Tacoma and Seattle. However, there is no evidence of positive damage to any building or dam in the Province of British Columbia.

CANADIAN NATIONAL RAILWAYS

SERVICE BETWEEN SENNETERRE, QUE, AND COCHRANE, ONT.

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, may I direct a question to the Minister of Transport?

Would the minister tell us why the news agents service aboard the trains between Quebec and Cochrane, and especially between Senneterre and Cochrane, have been discontinued? This change considerably curtails the Canadian National services to its passengers.

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the hon. gentleman was good enough to send me notice of his question and I was able to get a reply from the Canadian National. With a view to improving service to the passengers, effective April 24 a coach lounge was put into service between Montreal, Senneterre, Noranda, Rouyn. Sandwiches, coffee and beverages are served in this car. It is considered that this provides an improved and more acceptable service than that previously offered by the news agents.

INCOME TAX

INQUIRY AS TO FILING OF RETURN BY HAL BANKS

On the orders of the day:

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, I have a question for the Minister of National Revenue. Has Hal Banks filed his 1964 income tax return? My question is based on the answer given me by the Minister last September from which I gathered that a hypothec had been placed against Hal Bank's property in the Province of Quebec. If he has not filed his return, will a penalty be added; and is the Minister taking steps to levy on the hypothec filed last August?

Mr. Speaker: This is a question for the order paper.

• (3:30 p.m.)

FINANCE

TAX CONCESSION TO FISH PLANTS RESPECTING ANTI-POLLUTION MEASURES

On the orders of the day:

Mr. Gerald A. Regan (Halifax): I should like to direct a question to the Minister of

Inquiries of the Ministry

Finance with reference to the provision in the budget respecting a tax concession to encourage industry to take anti-pollution measures in connection with our lakes and streams. Will the Minister indicate to the House whether this would include steps taken by industries such as fishing plants in connection with harbours and bays where pollution can become quite serious at times?

Hon. Walter L. Gordon (Minister of Finance): I can assure my hon. friend that I am interested also in the fishing problems of the Atlantic region. This does raise a very interesting point, and I shall be glad to look into it.

HEALTH AND WELFARE

WINNIPEG—RESOLUTION RESPECTING NATIONAL HEALTH PLAN

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. Has the Prime Minister received from the city of Winnipeg a copy of a resolution passed by the City Council urging the establishment of a Federal-Provincial health plan along the lines recommended by the Hall Commission report? Will the Prime Minister be replying favourably to this communication?

Right Hon. L. B. Pearson (Prime Minister): I cannot remember offhand, Mr. Speaker, whether I have received such a communication. If so, I assure my hon. friend I will be replying to it at once.

Mr. Knowles: Did the Prime Minister miss one word in my question? I asked him if he would be replying favourably.

Mr. Pearson: I will be replying to it in a very friendly way, Mr. Speaker.

NATIONAL PARKS

REQUEST FOR ELIMINATION OF $2 ENTRY FEE

On the orders of the day:

Mr. Jack McIntosh (Swift Current-Maple Creek): I have a question for the Minister of Northern Affairs and National Resources. In view of the intention of the Canadian Government to promote and develop the tourist industry in Canada, is the Minister giving consideration to the removal of the $2 entry fee tourists have to pay when they pass through or go into national parks? Would the Minister not consider this penny wise and pound foolish, in view of the fact we wish to build up tourism and the amount of money Canada receives from these tourists when they enter Canada?

[Mr. Regan.]

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): The fee we charge is very nominal; it is $2 for the season. We think it has the advantage of bringing to the attention of Canadians the fact that they are in a park. There are certain people on business trips only who say, "I am not staying in the park, why should I pay?" Since the trans-Canada highway runs through the park they feel they are badly treated. We get a few complaints, but not many.

However, if my memory serves me correctly revenue from the $2 fee amounts to about 35 per cent of our total park revenues, and our total revenues are of the order of $3 million or $4 million. We are spending $23 million or $24 million on the parks. When we are spending so much I would hate to see such a large proportion of our revenue go all at once. We have been trying to increase our revenues by way of a variety of fees. We want to bring these up to an equity with the fees that are charged by Provincial parks and by private people who are competing with us in the provision of these services. We have even endeavoured to increase the price of hay and grazing in those parks where we are still allowing that. I would hesitate to give much hope to my hon. friend that the $2 fee is going to be reduced.

Mr. McIntosh: I may be misinformed, and the Minister can correct me if I am, but I understand that in the Maritimes the Federal Government does not charge the $2 fee to go through national parks. If that is the case, is that not discrimination? I do not want to get into an argument with the Minister, but perhaps the net income from this fee is not as large as he thinks it is, in view of the cost of keeping personnel at the parks to collect this fee.

Mr. Speaker: Orders of the day.

Mr. McIntosh: I would like the Minister to answer.

Mr. Speaker: May I suggest that the hon. Member put the question on the Order Paper; then there should be ample time for a reply.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Friday, April 30, consideration of the motion of Hon. Walter L.

Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the amendment thereto of Mr. Nowlan.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, it might be well at the beginning to review the amendment which was moved by the official critic of the Conservative Party, the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan). The amendment reads:

> This House regrets that the Government has failed to meet the most pressing economic problems of the country by refusing to abolish the sales tax on production machinery, which tax continues to penalize the manufacturing industry and business, thereby undermining Canada's competitive position in markets at home and abroad; and by not giving adequate relief from taxation for the lower income groups and increased assistance to old age pensioners in the face of the steadily rising cost of living.

I suppose by now the Minister has read with some interest the editorial comments in various newspapers and the headlines about the 10 per cent tax cut. The sunshine budget, the expansionary budget, has now been somewhat exploded. This has happened at a time when we had borrowed a slogan from the United States. I believe it was about a year ago this January that the President of the United States, in his address to Congress, mentioned that his Government was preparing war on poverty. If this was to be a budgetary war on poverty, may I suggest to the Minister at the outset that it has become a war on the poor.

This budget has given little if any relief to those in the lower income brackets. The Minister said it was a 10 per cent cut. Actually this is a misrepresentation, when you realize that this year the relief does not start until July 1. It becomes, therefore, a tax cut of 5 per cent. In this bracket in which we have, as the financial critic mentioned, two thirds of the population of Canada I will say on submarginal salaries, this tax cut becomes a reduction of about one cent per day. This is the reason I label this budget as not a war on poverty at all but a war on the poor.

I am going to deal with these points separately. The second thing is the failure of the Government to abolish the sales tax on production machinery used by manufacturers. This means an increase in the cost of production at a time when the Minister of Trade and Commerce, speaking to the Canadian Manufacturers' Association, stated that manufacturers in Canada must be prepared to cut their costs so they can compete in world markets and so they can stay in business. This is not only a tax on production machinery, but at the outset I would say it is a surtax, as the Minister knows, when the sales tax is imposed on the production itself. It amounts to double taxation. If Canadian industry is going to compete with United States industry or any other industry in the western world or the communist bloc, then I ask how can it compete when the Government itself imposes a sales tax on production machinery?

I believe the Minister, in his own heart, believes that the tax should be abolished. I believe he would like to abolish it. However, it is the last thing remaining from his original budget, from which he retreated so much, and if he were to retreat from this there would be nothing left of that budget. The manufactures have been told they must cut costs or they cannot compete. The Minister is placing a stumbling block in their path which prevents costs being cut because the sales tax creates a surtax. How can our industries compete with those of the United States and other nations?

• (3:40 p.m.)

During this session and the last session we heard a great hullabaloo about a contributory pension plan. The government has done nothing to relieve the position of senior citizens whose pensions, as with veterans and any other pensioners, are a frozen, set income; and when this is considered in the face of the ever escalating cost of living and the cheapened dollar, it means a great hardship. In other words the contributory pension plan and the budget ignored the needy and the aged.

In a nutshell what the Government did in this budget was to accomplish nothing except, to put it in round figures as someone else did the other day, the Cabinet Ministers increased their own salaries by $600, because that is what the tax cut means to them. They declared war on the poor and they increased their own salaries by $600. The Minister laughs, but that is why I say it is a war on the poor and not a war on poverty.

Mr. Gordon: You benefit too.

Mr. Woolliams: Yes; in reply to the Minister I benefit by $600, but I am not saying this is a philosophical argument as to the logic of what the Government has done through the budget. That is no explanation whatsoever.

On this indictment I ask all parties in the Opposition to give consideration to voting for the amendment on three grounds; (1) that

the Government failed to abolish the sales tax, which means added costs to the manufacturers; (2) that it declared war on the poor rather than war on poverty; and (3), it failed to consider the demands and the pressures on the pensioners of this country, particularly the senior citizens.

I may tell the Minister I have spent some time reading a rather famous speech he made when he was the financial critic of the Liberal party and sitting just about where I am today. If it was not his maiden speech it was his first financial speech in the House, and the date was October 22, 1962. In it he laid down 9 or 12 points containing his master plan.

What were the criticisms he offered on that occasion? One was in regard to the imbalance of trade between the United States and Canada and, if I interpret him correctly, on that occasion he said that if payments between the United States and Canada, and between other trading nations and Canada, continued in imbalance it would mean an increase in unemployment and create an economic situation that would be difficult to solve in terms of the conditions laid down by the Economic Council of Canada, which was a creature of the Conservative government and which has said we must have 1,700,000 new job opportunities created between now and 1970.

When I listened to the Minister of Trade and Commerce on Friday afternoon last, and to the Minister of Finance earlier, it almost appeared that they were the ones who invented prosperity. I only wish some of these Ministers would be honest and admit that our economic resurgence is really the result of economic prosperity in the United States and in the western world generally, reflected in Canada. Economic resurgences have occurred from time to time, and there are graphs which show the occurrence of recesses and deflation.

If the Minister of Finance had been fair, and if the Minister of Trade and Commerce, who is unavoidably absent today having gone down to the United States, had been fair, they would admit that the gross national product in 1962, the last year the Conservatives were in office, increased by 8 per cent. We did not take all the credit for that at that time. We appreciated there was an upsurge in business in the western world generally.

Let us face up to the facts as economists rather than as politicians, and try to paint the picture in its true colours. Let us look at the imbalance of payments for a few moments. In October, 1962 the Minister of Finance made a startling attack on the Conservative government. He said that an imbalance of payments between the United States and Canada would eventually mean unemployment. It is true that because of the upsurge in business there is less unemployment today, but what will happen to us when the United States gets into difficulties? What will happen to us when the western world is suffering economically? If the Minister was right then, he is wrong today.

What is our imbalance today with the United States? When I posed this question on Friday afternoon the Minister of Trade and Commerce said it was only $500 million. I say, let's do our homework. Before posing that question I called the Dominion Bureau of Statistics to see if I could get an honest answer, and I must say I got an evasive if not dishonest answer from the Minister. I found that at the end of the year our fiscal imbalance in trade with the United States was $1,379 million, something which can be checked by the press of the country and by the Ministers themselves.

Somebody says well, what is a billion dollars? I don't know. I don't suppose I will ever see that amount, but the fact remains that our imbalance was $1,379 million while the Minister said it was only $500 million. In 1962, when the Minister criticized the Conservative government, our imbalance of trade with the United States was less than $1 billion. It is now in worse shape by $500 million, yet the Minister was the man who had a master plan, a cure-all for Canada. How does he reconcile the position he took in October 1962 with his position today, when we have an imbalance of trade with the United States of $1,379 million?

In 1962 he read his speech, which was well prepared, and he left the impression that the Conservatives were responsible for that situation. But anybody who has read anything about economic history knows that in 1957 when the Conservatives took office the imbalance was more than $1 billion, and we improved that situation.

Let us take a look at the over-all picture and see whether this is a sunshine budget or not. Our trade with other nations gives a little better picture, because we have a favourable balance of payments situation with some nations as a result of our wheat deals and, for instance, our coal deal with Japan.

With all other nations we have an imbalance of trade totalling $652 million; thus our trade imbalance is in a worse position now than at any time the Conservatives were in office.

The Minister was the master mind who was going to cure all our economic ills, but all he can say today—and I must say I am somewhat jealous of him because he can say it—is that things are good. Things have been good since 1962. Things have been good in Europe since 1962, and things have been good in the United States since 1962. If Canada were to have a recess when all the western world was buoyant, then there would be something wrong.

I should now like to put on record what the Minister said on October 22, 1962, as recorded at page 817 of *Hansard* for that date. You know, Mr. Speaker, when these politicians come in they are great fellows to start with. They have a five year plan or a 12 point program, but they always forget it once it goes into a *Hansard* volume and is placed in the library. This is what the Minister said:

> As the third point in the program, it is clear that we cannot go on paying more to foreigners each year for goods and services than we receive from them for the things we sell to them. To do this would lead only to another exchange crisis and it would mean the continuance of the present problem of finding jobs for people who are unemployed. The right policy for Canada in these circumstances is to increase production in this country, wherever this can be done without increasing costs.

• (3:50 p.m.)

Let us analyze what he said in October 1962, because this was the Gordon manifesto, this was the Gordon who was going to cure everything. He said we could not continue to buy more from foreign nations than we sell to them. But what has he done about it? He has done nothing. The imbalance of trade with the other nations of the world is higher than it was under the Conservative administration, and as high as it was in the time of the former administration in 1956 and 1957. But the point I am making is this. On top of it all, in his first budget he proposed and implemented a sales tax on production machinery. His last words in that paragraph are words to remember: "The right policy for Canada in these circumstances is to increase production in this country without increasing the cost." Well, he did the very thing he said should not be done, and he did it through taxation.

How has the economy been able to remain as buoyant as it is? I admit it is buoyant. No one will deny that the business of the nation is good. It was good in 1962. But let us see what someone else had to say about the situation. The Minister of Finance is most fortunate that the Conservatives consummated wheat deals with the communists. I have heard him say so in the West when he goes there to throw out his chest and boast about this accomplishments. He does not remind them that it was the Minister of Trade and Commerce who advised them not to grow more wheat because there would be a surplus leading to reduced prices. If he had not had behind him the former Conservative Minister of Agriculture and the Conservative party to see that the wheat was produced and, above all, to consummate these contracts, he would be facing a serious exchange problem today. I will quote as my authority the former Governor of the Bank of Canada, Mr. Graham Towers. This is what he said on January 28, 1965: "Obviously, the devaluation of the Canadian dollar has contributed to the progress made in the last two years."

I might pause there for a moment. The Minister does not like to be told that. The Minister of Trade and Commerce, and in particular the Prime Minister, went across this country saying that the devaluation of the dollar would mean higher cost to consumers and restricted opportunities to the primary producers of this country. Now they say this was a good policy. Mr. Towers says the policy is a good one, but there is one aspect of it which must be watched carefully. Every time something is created there is a backlash. What is the backlash attached to the devaluation of the dollar? Maybe a year from now what I am saying will seem more important than it does now, because Graham Towers is a man who has had some experience and I believe I understand exactly what he means when he says:

> It is well to remember, however, that devaluation produces certain painful results. It means, amongst other things, that we pay more for our imports and tend to receive less for our exports; therefore, the terms of trade turn against us. Hopefully, lower prices for export products will stimulate demand for these goods, but it does make it more difficult to cure the trade deficit, as we must sell that many more units to earn the same income.

As far as a layman can judge, 1965 will be a good year. But what comes next? What is the point I am making? It is this. In order to derive full benefit from the devaluation of the dollar, which was Conservative policy, the Minister of Finance should have created a climate favourable for the expansion of

industrial and manufacturing concerns in this country, enabling them to reduce costs and prices. Instead he imposed a sales tax which had the direct effect of increasing costs. If there is to be a backlash consequent upon pegging the dollar, the Minister is responsible for that backlash inasmuch as he introduced measures which increased the cost of production. That is the situation.

In summary, on this point, let me say this. If we have a prosperous economy today it is due in the main to the influence of prosperous economies in the rest of the western world. Though the Conservatives, when in power, devalued the dollar, they did not impose a sales tax to increase the cost of production. We tried to create a climate favourable to export sales. Had there not been sales of wheat amounting to a billion dollars the Minister of Finance would have been in trouble. He has only been pulled out of trouble by the action taken by the previous Government.

I come now to my second point. As everyone who has spoken earlier from this side of the house has said, the reductions in taxation which the Minister announced mean nothing. The effect on those in the lower tax brackets is infinitesimal. The effect in the medium bracket is small, and even with regard to people in the higher tax brackets the effect on capital investment will be very slight. We have a progressive system of taxation in Canada similar to that which exists in other capitalistic nations; and here, I would say, we need reform.

I say this because on one hand we talk about foreign ownership of our industry, and on the other we take away so much money from those engaged in production in this country that nothing is left to invest in our nation. Professional and business men and corporations are well aware that the biggest partner today in any industry today is the Government. I am certain the Minister is aware of this, too.

I am talking about taxable income; I am not talking about income. The Minister himself is confused on this point, as can be seen from one of the schedules printed on page 444 of *Hansard*. He has confused taxable income with net income. I am one of those who believe it is not a sin to make a profit. I say this. The only way to increase the gross national product in this country is through investment, and the only kind of capital produced in this country which creates funds for investment of this kind is that which flows from production, not from Government spending or Government enterprises upon which public money is spent.

[Mr. Woolliams.]

Some hon. Members: Hear, hear.

Mr. Diefenbaker: Time someone said that.

Mr. Woolliams: It is time somebody spoke up for the people in business today. On $15,000 earned in business in a year, $4,070 has to be paid in income tax plus an additional 45 per cent above that figure, and if more than $25,000 is made, 50 cents on the dollar has to be paid in tax. That is where the investment funds are going. The Minister talks about the expansion of industry but, in a nutshell, all the Government did by this budget was to increase the salary of Cabinet Ministers by an additional $600 a year.

Mr. Diefenbaker: And $30 to the working man.

Mr. Woolliams: At one time the Minister of Finance knew better than to give these glib answers in the House of Commons.

An hon. Member: Louder.

Mr. Woolliams: You are the last person who should talk that way. You should go back to the seat where you belong.

Mr. Regan: On a question of privilege, I should like to point out—

Mr. Woolliams: I have the floor and I do not intend to have my time wasted now.

The Acting Speaker (Mr. Tardif): Is the hon. Member for Halifax rising on a question of privilege?

Mr. Regan: Yes, I am rising on a question of privilege. The hon. Member for Bow River has tried to indicate in his wild, arm-waving manner that I made an interjection. I did not make an interjection of any kind.

Mr. Woolliams: Then I will say I am sorry.

Mr. Regan: Furthermore, if the hon. Member would contain himself, I would point out that while I am not interjecting or speaking I have a right to sit in any seat I please.

• (4:00 p.m.)

The Acting Speaker (Mr. Tardif): I must say to the hon. Member for Halifax (Mr. Regan) that I do not see any point of privilege.

Mr. Woolliams: Mr. Speaker, the reason for his interjection was to try to get me off my stride, so that he could make a little press for

himself. Because he is never capable of making a speech himself.

Mr. MacEwan: If he can hold on to one seat, he is lucky.

Mr. Woolliams: That is right; I must agree with that. Why has the Minister failed Canada? He and other Ministers have been going across the nation talking about putting the financial matters of Canada in shape. I have pointed out the imbalance of payments and what effect the income tax deductions have had. In fact, when the Minister brought down the first budget, which was a budget of retreat and of confusion, he had to withdraw everything in it which he proposed because he was so inept. The newspapers at the time, even his great friend the *Globe and Mail,* spanked him for that.

Now, what has happened since that time? This great lion-hearted critic of October 1962 has now been reduced to a mere lamb, and he has to bring in the most innocuous Budget today because he cannot stand any criticism. If he questions my word in this regard let me take for a few moments an editorial which appeared in the *Globe and Mail* on June 21, 1963. I shall quote only a small portion, and if I should violate the rules I can paraphrase it practically word for word. Talking about the budget it said:

> If this is not enough to persuade Mr. Gordon of his duty to resign he should remember that the Liberals were elected to restore confidence in Canada abroad. They had considerable success in this direction until a week ago. Mr. Gordon by his ineptitude and—let us be frank—simple bad judgment has destroyed that confidence, as shown by an editorial in The New York *Times* quoted on this page yesterday. It does not matter if that newspaper is right or wrong in its judgment. The fact is that this is what our friends abroad are thinking, and thinking this way they cannot have confidence. Thus Mr. Gordon has prejudiced the record.

Then the final sentence:

> Mr. Pearson may not want to accept Mr. Gordon's resignation, but Mr. Gordon should insist on delivering it.

Now, Mr. Speaker, why do I make this point? Although it may be said that I am hurting the Minister's feelings, the point is that when he was sitting on this side of the House in opposition he was the lion-hearted critic; but now, because of his failure, he has become a lamb and has produced this innocuous document which he calls expansionary measures for Canada.

Somebody mentioned the Minister of Agriculture's talks. No doubt the Liberal Agriculture Minister will deny that he made this statement, but my hon. friend did say that the only policies which were any good for agriculture were those of the Conservatives, and he only ran as a Liberal because he thought the Liberals might win and he wanted to carry on those policies.

Mr. Starr: Did he say that behind the barn?

Mr. Woolliams: No, this was not said behind the barn; this was said outside the front door right beside the manure spreader.

I turn now to a third point. As the trading world expands the western world is trading more with Communist nations, and must do so. The Liberals criticized us at the time when we traded with the Communists in grain. I see the hon. Member for Red Deer (Mr. Thompson) is not in his seat today. He is one who is so critical of absenteeism, yet he was not able to collect enough chicks from his own members to propose any motion of his own to this House the other day.

An hon. Member: Ha, ha.

Mr. Woolliams: Someone says "ha, ha", but he is one who criticized wheat sales to Communist China. As we expand we in the Western world must deal not only with Communist nations but also compete with Western nations, such as the United States, Japan, France, Germany and others. We also have to be prepared now as never before to compete against the Communist bloc.

If I may come back to a point I made earlier, the Canadian system of progressive income tax which has developed in this country and other capitalistic countries over the years must be reviewed and reformed. We have only to look in this regard at such experts on the subject as Mr. W. O. Twaits, who made a comment about this in July of 1960 in an article entitled "Philosophy of Realism". The Minister of Finance was going to reform taxation, but now the Government says that while a Commission is studying the matter they cannot do anything about it. The fact is they are frightened to do something about it because they have no policies. They know that if they had cut taxes they might have had a greater deficit, which is the reason they did not cut taxes. But why not tell the Canadian people the truth?

An hon. Member: Why?

Mr. Woolliams: Yes, why? Let us see what Mr. Twaits said in his article of July 1960:

> In editorial pages and current commentary, one is struck by an increasing preoccupation with the

philosophy and objectives of our western democratic system. There is an increasing awareness that our ability to compete with the Communist world is not just a matter of missiles and ideology, but also of our basic economic strengths.

Now let me come to another point. A philosophy of socialistic policies has grown up in Western Canada. Some people believe that it is a sin to make a profit. Even the people living within the Communist bloc today believe you must make a profit. You must have capital to produce investment and productivity. If you have investment with productivity you get an increase in the gross national product.

The Acting Speaker (Mr. Tardif): I regret to interrupt the hon. Member but his time is up.

Some hon. Members: Continue.

The Acting Speaker (Mr. Tardif): Does the hon. Member have the unanimous consent of the House to continue?

Mr. Regan: Grudgingly.

Mr. Gordon: Mr. Speaker, I am sure we would all be disappointed in not hearing more from the hon. Member. I certainly hope he will continue, but not for too long because some of the rest of us want to speak this afternoon.

Mr. Woolliams: I appreciate that from the Minister of Finance and I will be only a few moments. If it were not for the progressive system of income tax, labour unions would be less prone to ask for an increase in wages. Corporations would be less prone to increase their prices if they did not have 50 per cent taken off their profit level to reinvest, bringing about expansion in the country. I ask the Minister to take a look at this question, because we do need reform of the progressive system of income tax.

In summary, and leaving out some of the remarks I intended to make, I say that what Walter gives, Walter takes away. In fact, what Walter gives, Walter takes more away. That is what industry knows today and it is the socialistic philosophy of the Government. In fact, I believe that the Liberal Party is a New Democratic Party in a hurry. They have out-socialized the socialists of our time.

Some hon. Members: Oh, oh.

Mr. Woolliams: I know my hon. friends do not want to hear that, but nevertheless it is the fact. It is a fact which cannot be denied.

There are two other points I want to make, Mr. Speaker, one of which is this: When the Minister stood in his place the other day to reply to a question I asked him about the table which compared Canadian and United States income taxes, he said that Canadians pay less income taxes than Americans. Let me remind the Minister that Mr. Lambert, the president of the Toronto-Dominion Bank of Canada, has pointed out in a recent speech that the United States citizens pay less income tax. The Minister has overlooked these sorts of exemptions and deductions: (1) they can deduct their taxes with reference to real estate; (2) they can deduct interest against any mortgage; (3) they can deduct interest against any consumer goods; (4) they can deduct any interest; (5) they can deduct $600 exemption per child instead of $300; (6) they have greater medical exemptions by way of drug, dental and optical expenses. In fact, deductions in the United States are so generous that you just cannot compare our income tax rates with theirs; and when the President of the Toronto-Dominion Bank in this country says in a recent speech that they pay less tax per capita per dollar, then I will take his word for it.

In conclusion, I ask these questions: Can it be against Canada's interest to defeat a Government which deceived the Canadian people over the devaluation of the dollar?

Can it be against Canada's interest to defeat a Government which stated categorically that the imbalance of payments must be brought into balance, and then did nothing about it?

• (4:10 p.m.)

Can it be against Canada's interest to defeat a Government which declared war on the poor, instead of war on poverty, and made a mockery out of the United States slogan?

Can it be against Canada's interest to defeat a Government which implemented a sales tax increase in the cost of productivity to the country, and refuses in the face of favourable economic facts to abolish it?

Can it be against Canada's interest to defeat a Government whose main leaders, when in the opposition, spread dissension, gloom and doom, at a time when we had an exchange crisis similar to the one of 1947, in the days of Mr. Abbott, and similar to that crisis which Great Britain is going through at this time? Destroy the country, but elect Liberals; victory at all costs, say the Grits—irrespective of responsibility and irrespective of the results.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I thought that after the budget speech of the Minister of Finance (Mr. Gordon) the Liberals would have followed more

assiduously this debate, which lasts but six days. At present, there are 14 Liberal members, out of a total of 129, present in the house; and some ten minutes ago, there were but five. Only one minister is here in his seat, namely, the Minister of Finance. Among 23 cabinet ministers, only one is here to listen to what the opposition has to say against the budget speech.

Mr. Speaker, I understand that the Liberals are ashamed of this budget to the extent that they remain in their offices rather than in the chamber to hear—

Mr. Côté (Longueuil): Stupidities.

Mr. Caouette: Listen to the hon. member for Longueuil. Fortunately, he will not be here after next election, and we will no longer hear his nonsense.

The Acting Speaker (Mr. Tardif): Order. The hon. member has no right to make remarks concerning hon. members who are present in the house.

Mr. Caouette: I was not making remarks, Mr. Speaker, but merely mentioning a fact. I intended to move—but I am precluded from so doing by the standing orders—an amendment to the amendment of the Conservative party, and it would have read as follows:

That the amendment be amended by deleting therefrom all the words after the phrase "economic problems of the country" and inserting instead the following words: by omitting to present a measure so that requirements of public capital—

and not private capital.

I see the hon. member for Drummond-Arthabaska (Mr. Pepin) who is familiar with public capital.

—of public capital be met by the creation of new credits without interest by the Bank of Canada.

I am convinced that the hon. member for Drummond-Arthabaska understands that point and would have supported such a measure. But I am not allowed by parliamentary procedure to move a subamendment because we are discussing the budget.

As my first comment, after a review of the budget brought forward by the Minister of Finance Monday night, April 26, I should like to say that, in general terms, that budget is a colossal hoax and the information media that made favourable comments on that budget have knowingly misled the Canadian taxpayers. We saw the headlines in some papers:

10 per cent income tax reduction.

And the C.B.C. comments:

The Liberal government, in its great generosity, gave the Canadian taxpayer a 10 per cent tax reduction.

It was with unconcealed pleasure, in fact, that commentators from those information media, especially those who are handsomely paid by the C.B.C. out of the taxpayers' money, presented as a miraculous measure the 10 per cent cut on personal income tax announced by the Minister of Finance.

Here are a few figures showing that the praise given to the Minister of Finance is totally uncalled for and unjustified. On page 441 of the budget speech of the Minister of Finance, appear the following examples of the reduction granted to single taxpayers without dependants:

$2,000 income, $10 reduction; $5,000 income, $59 reduction; $10,000 income, $180 reduction; $20,000 income, $565 reduction.

Consequently, the reduction on an income of $5,000 is six times bigger than that on an income one third as high, $2,000. On an income of $10,000, which is five times the last mentioned amount, the tax relief is 18 times greater and on an income ten times that same amount, the relief is 56.5 times higher.

Such is the anti-social justice or the social injustice of the present Liberal government.

Let us come now to the reduction granted the average taxpayer, the father of two children in receipt of family allowances. Let us take the case of the father of a family who has a budget deficit—I hope the minister understands what I mean here—of a salaried worker who cannot make both ends meet because his income is too low, and let us see how generously he is treated by the Liberal government and by the Minister of Finance whose speech seems to have been dictated by Bay street financiers, in Toronto.

On a $3,000 income, an annual reduction of $3 is given a little less than one cent a day. On the other hand, on a $10,000 income, the reduction is $135; and on $15,000 income, it is $493, that is 164 times more than that granted the poor father of a family earning only $3,000 per year.

• (4:20 p.m.)

Now, Mr. Speaker, according to table 25, on page 41 of budget papers tabled by the Minister of Finance, the consumer price index increased by 3.7 during the last two years alone. For the low wage earner who is single and earns $2,000 a year, that increase, that price inflation means that he must spend

$74 more a year on those consumer goods and services he requires. Now, the Minister of Finance, in his great generosity, grants him a $10 reduction per year. Under the Liberal regime, the poor are becoming poorer than before—

Mr. Gauthier: That is true.

Mr. Caouette: —because there is absolutely nothing in the budget to increase the purchasing power of people with an income below $3,000. Absolutely nothing to assist those who need it most.

To take the example given by the minister, let us consider the case of a family head with two children eligible for family allowances and earning $3,000 per year—assuming that he is a taxpayer, because of his low income—out of all his earnings, that man must spend on consumer goods and services $111 more, the amount which is taken off his income by the increase in the consumer price index alone. The Minister of Finance specifically stated, in his budget speech of April 26 last, that in his great generosity, he was granting that man a tax reduction of $3 per year, while he has to spend $111 more to maintain the same standard of living as two years ago.

With the Liberals, the poor are becoming poorer, the situation of small wage earners is becoming more precarious, and times will be harder in thousands of Canadian homes.

With the budget which was presented this year, do the millionaires, or those whose income is $35,000, such as the ministers, or members of Parliament, earning $18,000 a year, need personal income tax deductions? Or would it not rather be the small wage earners, the small taxpayers, the poor people who must receive special care from the government, a government which instead of applying social injustice or an antisocial policy, as the one which is being offered to us now, should see to it that the poorer members of our population, the small wage earners, the families with small income, be granted more attention by the Government? Those are the people upon whom the Minister of Finance should pay attention.

But the social injustice and the antisocial and antifamily policy of the government, which claims that it is "liberal", is even more evident when it grants higher tax reductions to those who have no family responsibilities.

Here are a few instances of this so-called "liberal" policy, which I call antisocial and antifamily: for a single person whose annual salary is $3,000, the tax reduction is $24 a year; for a married man with no dependants, it is $10 a year, and if he has two dependants, it is $3 per year. A single person earning $4,000 a year will save $40; a married person without dependants, $24 per year, and a married person with two dependants, $15 per year. A single person earning $5,000 a year will save $59; a married person without dependants has a reduction of $40, and if he has two dependants, his reduction is $30.

With such an antifamily policy, it will not be necessary for the government to take direct birth control measures, as is done in other countries. This is an indirect measure to attain the same objective.

In the speech from the throne, much is made about the war against poverty, want and destitution, but the parliamentary secretary to the Minister of Finance told us that the speech from the throne did not necessarily refer to poverty-stricken people, but rather to the lack of opportunities, the lack of education, the lack of training, and actually not to the lack of purchasing power among Canadians.

Poverty and destitution are unknown in Canada.

This is what the parliamentary secretary to the Minister of Finance actually told the house, whereas the speech from the throne referred to war against poverty and destitution as they exist. The Liberals no longer know what terms to use, because they are confused and mixed up.

Is it by favouring the rich and disregarding the poor that the government intends to fight poverty and destitution? Is it by making the rich richer and the poor poorer that the government proposes to set up a socially fair economic order, a system enabling everyone to enjoy the wealth resulting from our national production?

Is it by reducing the purchasing power of the poor that the government policies of the Liberal party will fight poverty? Is it by reducing the taxes of rich people that we shall enrich the poor? Is it by giving to the rich that we shall help the poor, those who need to be looked after by the government, a government which claims to be government of the people, when it is controlled by finance and for finance? Is it by granting reductions to the more affluent classes of society that the government means to establish a socially fair economic order?

On many occasions, we have heard the Minister of Forestry (Mr. Sauvé), the minis-

ter of the Liberal new guard, the minister who does not get along with others, the minister who wants to smash the old guard of the Canadian Liberal party, who said recently in the province of Quebec that he would not follow the old guard, the old gang of the Liberal party. Has the Minister of Forestry done anything in the house ever since he became a member of the cabinet?

On the contrary, government policies seem designed only to benefit the mighty and the rich and to crush the poor further. In so doing, the Liberal government is paving the way for an unprecedented social and economic disorder, after allowing disorder and brutality to prevail in the political field and in the relationship between the two founding races of our country.

After initiating policies conducive to confusion and national dissension, the Liberal government is in the course of laying down the basis of unprecedented economic and social disorder by allowing the less favoured groups of our population to be reduced to increasingly abject economic conditions.

In a speech delivered two weeks ago before thousands of pilgrims gathered at St. Peter's in Rome, Pope Paul VI said:

> We must have the virtues conducive to peace, the capacity to give precedence to human over economic values

Human values, Mr. Speaker, that means the value of all individuals, of every man, woman and child, not only the wealthy and the powerful; the value of the individual must have precedence over economic values, over financial values, over money.

The concern about all human beings, without an exception, taking advantage of riches within reach and designed for them, must have precedence over the concern to safeguard the tyranny of the dollar sign, the tyranny of the makers of money and of credit.

• (4:30 p.m.)

In a joint letter sent on March 22, 1964, that is barely a year ago, to the President of the United States, 22 prominent personalities of the country warned him that if the solutions he advocated were not applied within a short time, which meant as soon as possible, the American nation would be faced with an unprecedented economic and social disaster. And we know that Canada follows in the wake of the United States.

Here are some of the personalities who signed that letter: Mr. Ralph Helstein, of Chicago, president of the United Packing House Workers; Mr. Gunner Myrdal, Swedish economist, of the Institute for International Economic Study; Mr. Ben B. Seligman, director of the Department of Education and Research, Retail Clerks International Association; Mr. Robert Theobald, consulting economist, of New York; Mr. Stuart Hugues, professor of history at Harvard University; Mr. Linus Pauling, Nobel Peace prize winner; Mr. John William Ward, professor of history at Princeton University. What did those prominent personalities say? I quote:

[*Text*]

> As a first step to a new consensus it is essential to recognize that the traditional link between jobs and incomes is being broken.
>
> The economy of abundance can sustain all citizens in comfort and economic security whether or not they engage in what is commonly reckoned as work. Wealth produced by machines rather than by men is still wealth. We urge therefore that society through its appropriate legal and governmental institutions, undertake the unqualified commitment to provide each individual and every family with an adequate income as a matter of right, not a gift.

[*Translation*]

Mr. Speaker, it must be noted that no longer are full employment and a high employment level being mentioned; but an assured income is being advocated, which is far removed from the present government policies. In fact, what did the Minister of Finance say in his speech:

> When this government first came into office we stated a number of economic objectives. Our first goal was a high level of employment for Canadians—

"A high level of employment"; that is the aim of the government as recognized by the Minister of Finance in his budget speech.

On the other hand, we of the Ralliement Creditiste do not believe that the first objective of the government or of the present industrial system is to provide jobs. On the contrary, we believe that the purpose of economic activities is to promote the welfare of the home, of the family, in short, of the consumers.

Mr. Speaker, may I quote from a report submitted to the general meeting of the churches of Scotland in 1962 by a group of theologians, economists and sociologists. Here is an excerpt from this report entitled "Money, a Christian View":

> We have come to believe that any job is better than no job at all and that the main purpose of any economic policy is to create employment. In our opinion, the purpose of production is consumption; and while employment is part of this process, it is not the main factor. From a Christian point of view, man should not have to do a job which a machine could perform.

Those are the words of economists and sociologists. This is exactly what supporters of what is called Social Credit stand for. We are indeed in good company.

What is the opinion of Rev. Father Georges Henri Lévesque, Dominican, a former joint chairman of the Massey-Lévesque royal commission? In a pamphlet published by "Les Editions du Lévrier" in Ottawa, in 1936, Rev. Father Lévesque said this about Social Credit and the policies advocated by its founder, Major C. H. Douglas, and I quote:

> But it is not enough for Douglas to set his economics in a spiritual setting or environment and to direct it, as it were, from the outside, toward spiritual values. He incorporates this spiritualistic finality to the very core of his system. This system is entirely based on this great Christian principle: the true purpose of any economic activity is to satisfy human needs and not to create wealth for wealth's sake.
>
> The true aim of production and distribution, as Douglas often says, is consumption. The function of an economic system is to supply adequate goods to the consumers who really need them.
>
> All the reforms advocated by Douglas, adds Father Lévesque, spring from the argument regarding the supremacy of the consumers and tend to put the economy at the service of man, of all men.

And in his booklet, Father Lévesque added this for the newspapermen and politicians who describe Social Credit in a fantastic and false manner:

> Therefore, when newspapermen, well paid by political parties, claim that Social Credit is anti-Christian socialism, beware of their theological philosophy. It is usually too rudimentary to give you safe directives. And, in this case, it could not reasonably justify its anathema, especially because it is too interested. When those men become self-appointed theologians, it is in general much less to stand by the revealed truth, than to safeguard the petty interests they defend in their writings. To this end, they will resort to any means.
>
> Beware of them, continued Father Lévesque, even when they approach Social Credit from its economic aspect. Reigning politicians see in this movement a growing and threatening political power.

The Minister of Finance is aware of that. I continue:

> Bankers see in it the avowed enemy of their valued monopoly. So do not be surprised if their publicists attempt to disprove its doctrine or to ridicule it, which is much easier and requires less intelligence.

Mr. Speaker, in this last part of my speech, I wish to deal briefly with the baneful policy of our present banking system which is the cause of the growing indebtedness of every level of government, corporations and individuals in every class of society. I wish to state that it is precisely on account of the monetary policies of the present government and the previous ones that Canadians are so heavily taxed and hundreds of thousands of Canadians are destitute and live in abject poverty.

The other day I heard the Minister of Finance speak about our balance of payments with foreign countries, of our international payments. He then blamed the Conservatives as being responsible for the almost intolerable situation existing in Canada.

At this point, I refer to page 45, and more especially to Table 28 of the budget papers tabled by the Minister of Finance.

In looking over this table, we find that in 1956, while the Liberal party was in office in Ottawa, there was a deficit of $1,366 million in our balance of payments. The Liberals were the first to pile up a deficit of a billion dollars in our trade with other countries. And now, they blame others for having exceeded the billion dollar mark after they themselves set such an example.

Mr. Speaker, I want to suggest a few ways of solving this problem by means of the Social Credit policies.

During the fiscal year, according to the estimates of the Minister of Finance, the Liberal government is going "to siphon off" and I use these words advisedly—$6,685 million to say nothing of the non-taxation revenues, which amount to $840 million and the revenues from the old age security tax which amount to $1,145 million.

Such are the amounts of money that the Canadian government is going to take from the pockets of the poor Canadian taxpayer.

And how will those revenues amounting to $8,670 million be chiefly used?

First, for the public debt charges, or the interest paid on the debt: $1,103 million, which is twice the amount that will be earmarked for national health and welfare and almost three times more than the amount that will be spent under the Hospital Insurance and Diagnostic Services Act.

Mr. Speaker, when we advocated not long ago a full tax exemption to every married person earning less than $5,000 and to all single persons earning less than $2,500, I myself met newspapermen who told me: "It would cost Canada $1.2 or $1.5 billion to grant such exemptions."

But those same newspapermen never asked themselves where Canada got $7 billion during the war to help our allies and try to win the peace which we still have not got. Where did the money required come from then? That does not worry the newspapermen.

But the moment one speaks of granting exemptions to the Canadian taxpayers, you hear somebody say: "But where will the money come from?"

Debt charges amount to $1,103 million. That is what the government will pay this year to financiers. And let no one try to tell me that the Canadian people will profit by it. Who holds government bonds at present? In a proportion of 90 to 95 per cent, they are deposited in collateral security in Canadian chartered banks. That is where government bonds are, and the government knows it quite well.

Second, our defence expenditures amount to $1,581 million.

Mr. Speaker, when we, Creditistes, ask that family allowances be brought up to the level of the cost of living index since 1945, here is the answer we get: We have no money, we are unable to find the money to increase family allowances. Some people like the hon. Member for Longueuil, the hon. Member for Drummond-Arthabaska (Mr. Pepin), the hon. Member for Sudbury (Mr. Mitchell), and the hon. Member for Nickel Belt (Mr. Godin) claim that we cannot afford to raise family allowances. And yet Canada finds it possible to give credit to scores of countries but it cannot do anything for its younger population.

Mr. Speaker, I wonder what Liberal members on your right are doing.

With the exception of Creditiste members, no one speaks against the tribute-money that Canadians are forced to pay to bankers; no one protests against the $1,103 million we will have to pay in interest this year.

When it is a question of increasing the national debt by $346 million as in 1961, by $791 million as in 1962, by $691 million as in 1963, by $1,150 million as in 1964 and by approximately $479 million as in 1965, according to the table published in the budget papers which I have here, no one gets alarmed, no one takes exception, no one objects. When it comes to paying interest on bonds, no one stands up to proclaim how nonsensical it is for Canada and the Canadian people to run more and more into debt in a country so rich in natural resources, in goods and services of all kinds. This is an illogical situation, a nonsensical situation of which not only the Creditistes are becoming aware but also high officials of the U.S. administration.

On September 21, 1964, just seven months ago, the banking and credit committee of the House of Representatives in the United States introduced a report published by the U.S. government and available in the publication department of the U.S. government. This document, entitled "Money Facts", is made up of 169 questions and answers on the subject of money.

Question No. 69 reads as follows:

• (4:40 p.m.)

[*Text*]

If the government can issue bonds, why can't it issue money and save the interest?

[*Translation*]

Here is the answer given by that same committee:

[*Text*]

A few clear-headed and firm individuals, such as Abraham Lincoln have insisted that the government should. The late Thomas Edison stated this matter this way "If our nation can issue a dollar bond, it can issue a dollar bill. The element that makes the bond good makes the bill good also."

[*Translation*]

Mr. Deputy Speaker: Order. I must interrupt the hon. member for Villeneuve to remind him that his time has now expired, unless he has the unanimous consent of the house to go on with his remarks.

[*Text*]

Mr. MacNaught: Mr. Speaker, I would like to have permission to explain briefly to the House why I must object to the extension of time, and I want to assure the hon. Member that there is nothing whatever personal in this. This is a debate the time of which is fixed. There are a great number of Members on all sides of the House anxious to speak. If we extend the time of each speaker by three, four or five minutes we are going to deprive those Members of a right that they have under the rules. Therefore with a great deal of regret I must refuse consent to this extension of time.

Mr. Leboe: Mr. Speaker, on this point of order, if it is one, I would just like to say that the leaders of the other parties were granted extra time, and it seems to me if the Minister would just state that this refusal applied to everybody else, then the rest of us would be quite happy.

Mr. MacNaught: Could the hon. Member for Villeneuve (Mr. Caouette) tell me just how much time he needs to finish this portion of his remarks?

Mr. Caouette: It may take me about five minutes.

Mr. MacNaught: Then I will consent on this occasion to the five minutes.

Mr. Deputy Speaker: Of course this requires the consent not only of the Minister but of all the Members of the House. Is there unanimous consent to the hon. Member's continuing his remarks?

Mr. Starr: May I speak on this point of order. I want to say I agree entirely with the Acting House Leader, and in this case to the five minutes extension, because it affects the Leader of the Ralliement Creditistes, which would be acceptable; but from now on there should be no extension of time to anyone else.

Mr. Patterson: I understand the situation as it is at present, but just a few minutes ago the hon. Member for Bow River (Mr. Woolliams) was granted an extension of time. However, I think the hon. Member for Villeneuve (Mr. Caouette) should be allowed to continue.

Mr. Deputy Speaker: It is the understanding of the Chair that the hon. Member for Villeneuve (Mr. Caouette) will be allowed an additional five minutes. Is this agreed?

Some hon. Members: Agreed.

[*Translation*]

Mr. Caouette: I thank very sincerely the hon. members for their courtesy. On the other hand, may I point out, Mr. Speaker, that each time we have been asked whether we agreed to allow a Liberal member the latitude he required to complete his speech, we agreed. Each time a Conservative member was concerned, we agreed, as well as in the case of N.D.P. members. In my case, however, a five-minute limit is set, whereas others amongst the Liberals took 20 additional minutes.

I would simply ask the hon. member who kindly allowed me five minutes to be a little more tolerant and not to interrupt me as he did a few minutes ago, when he could have said simply and obligingly: "Well, we believe he should complete his remarks."

Mr. Speaker, I shall go on with my remarks.

[*Text*]

It is absurd to say that our country can issue $30 million in bonds and not $30 millions in currency. Both are promises to pay: but one promise fattens the usurer and the other helps the people.

However, it has been one of the political facts of life that private banks must be allowed to create the lion's share of the money even if not all the money. Thus there is little opposition to the government's printing bonds and then permitting the banks to create the money with which to buy these bonds; but the proposal that the Government itself create the money instead of the bonds has always set off tremendous political upheavals. For example, Lincoln set off a political furore when he insisted upon having the government issue $346 millions in money (the so-called "greenbacks") instead of issuing interest bearing bonds and paying interest on the money.

[*Translation*]

The following question provides an answer to those who claim that such a solution would cause inflation. It reads as follows:

[*Text*]

If the Government issued more money instead of government bonds, isn't there a danger that a government would issue too much money and cause inflation?

[*Translation*]

This is the answer provided by the U.S. government banking committee:

[*Text*]

No. It is no more or no less inflationary for the private banks to create $1 billion of new money than it is for the Government to create $1 billion of new money. Furthermore, as an agency of the Government, the Federal Reserve System decides in any case the total amount of money to be created.

[*Translation*]

How, they ask, do banks render a service to the government or to the people by buying treasury or government bonds? Here is the answer given by members of the U.S. government committee to this particular question:

[*Text*]

No, because they create money, an obligation of government, simply to buy bonds guaranteed by the government. There is no risk involved as there is in loans to businessmen and consumers. Their reward for buying bonds with money they create is the "subsidized" profit they enjoy.

[*Translation*]

And here is question No. 132, following immediately the above answer:

[*Text*]

What is the burden of U.S. government bonds held by the private banking system?

The burden is the heavy bond interest, borne by the taxpayer that goes to the private bankers, when the same amount of money could be created by agency of the government.

[*Translation*]

Question No. 167 in that same paper, asks which reform is required in the present banking system in the United States. Answers are just in the same vein. We of the Social Credit party have been giving those answers here in Ottawa for a long time. First the reorganization—

[*Text*]

The reorganization of the federal reserve board, toward greater responsibility.

[*Translation*]

That is the little gimmick which is going on in Ottawa every Wednesday when controllers of the economic life blood regulate Canada's wealth and purchasing power.

[*Text*]

Abolition of the open market.

[*Translation*]

The actual balance between total credit in circulation and the wealth of Canada.

[*Text*]

Co-ordination of monetary with other economic policy.

Financial accountability, via audits. A reappraisal of the "tight money" policies. A lessening of private banks' influence in the Federal Reserve System.

[*Translation*]

Mr. Speaker, this is exactly what Social Crediters have been demanding for a long time and we will continue to do so until the Minister of Finance and the government understand that it is proper and necessary to help the ordinary citizens who have to live and who are justified in wanting to live in Canada.

• (4:50 p.m.)

[*Text*]

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I should like to speak briefly to the amendment before the House.

The criticisms that have been made of the budget so far seem to have been directed at single items in the budget proposals, and limited to suggestions that while the objectives set out in the budget speech are desirable the approaches might have been different.

As far as I have been able to detect, however, there has been no comprehensive criticism of basic aims. This is understandable. It would be difficult indeed to criticize in any fundamental way the achievements of the last two years. It would be particularly difficult to criticize Canada's accomplishments in 1964.

The reduction in unemployment in that year was a record of 13.4 per cent, nearly double the rate of reduction accomplished in the United States. The total output of goods and services by Canada last year was 8.9 per cent greater than the year before. This was one third as much again as that achieved by the United States.

The deficit was reduced to $83 million, according to the parliamentary accounts. There was a surplus of over $300 million, according to the national income accounts. These are the best results for seven years.

I acknowledge the dilemma of hon. gentlemen opposite in attempting to criticize these accomplishments or our plans for ensuring that this phenomenal growth is continued throughout the current year.

Instead, the criticisms—somewhat carping and ungenerous, if I may say so—have been directed at the edges. It is claimed by Opposition spokesmen that despite their sorry record during the six years they were in office, despite the loss of so many of their former leaders—I am thinking of Messrs. Hees and Fulton and Halpenny and Sevigny and Noel Dorion and Fleming, among others—they could do better if only they were to be given a second chance.

I should like to examine three or four of the particular criticisms which have been made. The budget proposes an annual cut of $265 million in personal income taxes. The hon. Member for Digby-Annapolis-Kings (Mr. Nowlan)—I do not want to be unkind to him in any way but I was going to say, speaking to a brief which sounded at times as if it had been prepared, at least in part, by an association of manufacturers with some slight assistance from a well known Senator,—

Some hon. Members: Oh.

Mr. Gordon: —suggested it would have been better to have cut corporation taxes.

Mr. Nowlan: I acknowledge my own authorship.

Mr. Gordon: I was trying to let the hon. gentleman off the hook a little.

I have in my hands a table comparing corporation income taxes in Canada and the United States. The Canadian totals include the combined Federal and Provincial taxes in Ontario or Quebec, and also the 3 per cent Old Age Security tax. The United States taxes shown in this table include the Federal tax and a 5 per cent State tax. I should explain that 37 states plus the District of Columbia impose corporation income taxes at rates ranging from 1 to 10½ per cent. The rate of 5 per cent was chosen because it is imposed by the majority of states—more often that any other rate.

The table shows that corporations with a taxable income of $100,000 or less pay lower taxes in Canada than they do in the United States. At $500,000 of taxable income, the taxes in Canada are $249,850 compared with $246,500 in the United States—a difference of $3,350 or just over 1 per cent. At $1 million

of taxable income, the Canadian taxes are $509,850 compared with $499,500 in the United States—a difference of $10,350 or 2 per cent.

Capital cost allowances are more generous in Canada than in the United States. Accordingly, I think it safe to say that, on the whole, corporation taxes here are lower than they are across the line. Certainly to suggest they are higher here is incorrect.

I wonder if the Opposition were aware of these facts when they moved the amendment that is before the House?

In arguing that corporation taxes rather than personal income taxes should be cut, I am curious to know whether my hon. friend would have cut the rate for small companies as well as large ones. The 21 per cent rate which is payable by small companies is lower than the rates paid by similar sized companies in other countries. It is also lower than the rate that will be payable by individuals after the proposed tax cut on any taxable income in excess of $6,000. Yet I cannot believe that even my genial friend opposite would cut the rate for the very large corporations and not do something for the smaller ones.

Does he not think, as I suggested in my speech, it would be best to wait until we get the report of the Royal Commission on Taxation, which was sponsored by my hon. friend, before we decide what should be done in this important area?

Does not my hon. friend think that the extension of the fast write-off allowances to December 31, 1966, will have a much greater effect on stimulating capital investment than anything else that could possibly be done? I believe this, and it is not just idle speculation on my part. We know from the experience of last year the effect which this measure introduced originally in the budget of 1963—I wish the hon. Member for Bow River (Mr. Woolliams) were still here—has had in stimulating capital investment.

The fourth question is this. Corporation profits, as the hon. gentleman knows, are running at an all-time high. Corporations have never been so prosperous. Does anybody really believe that Canadian corporations are being held back by present tax rates? Surely the facts show just the opposite.

Mr. Speaker, may I call it five o'clock?

Mr. Nowlan: Since I cannot reply at this time, I can only ask the Minister a question. I assume he knows that the budget resolutions are to be debated very shortly, and I will take the opportunity to reply at that time to the questions he has raised.

[Mr. Gordon.]

Mr. Gordon: I shall be delighted. I hope they come before us soon.

Mr. Deputy Speaker: It being five o'clock the House will proceed to private members' business as listed on today's Order Paper, namely Notices of Motions.

• (5:00 p.m.)

CANADIAN CITIZENSHIP

REQUEST FOR YOUTH EXTENSION PROGRAM

Mr. Thomas M. Bell (Saint John-Albert) moved:

That, in the opinion of this House, the government should consider the advisability of underwriting a Youth Extension Program of the Parliament of Canada to (a) promote and nurture an interest among the youth of Canada in the principles of our Constitution, the political liberties which root and support our social, civic and economic liberties, the self-denying duties of self-government, and in the evolutionary role of the Monarchy; (b) promote relief in the power of reason as applied through public discussion as preferable to silence coerced by law—the argument of force in its worst form: and so answer the cry most appealing to youth: "Give us more efficiency; get something done; stop this long-drawn-out parliamentary debate; act; look at Russia—imitate them; let the arbitrary forces prevail over the deliberative." (c) provide annual seminars for young Canadians from shore-to-shore under the supervision of M.P.'s and officers of the House of Commons and Senate to gain insight into, and understanding of, the workings of government in deliberation and action.

He said: Mr. Speaker, this motion is quite lengthy but as it is self-explanatory and will appear in *Hansard* my remarks will be quite brief. This is an appropriate time to bring it forward because of the recent announcement of the establishment of the Company of Young Canadians.

I speak generally about the problems of youth from my experience as President for a number of years of the youth branch of a wing of our political party, and it is my impression that one of the greatest difficulties which has faced youth in the post-war period has been that they did not have the outlet for their energies that we had in the war years. I hesitate to use the term "juvenile deliquency"; someone has suggested that it might be more appropriate to refer to "parental delinquency". An illustration of this term was recently given in a story about a public opinion poll in which parents were called at their home in the evening and each one questioned to see whether they knew where their children were. The first six calls were answered by children who said they did not know where their parents were, that they were out.

There is great urgency to this problem of youth. I feel we have failed to give the subject proper attention. We all know the sort of headlines of late which have appeared in the press. There have been sit-down strikes, demonstrations and revolts. In my opinion the culmination was reached the other day, when in Russia, some of the parents and older people who were attempting to go to Church on Easter Sunday were jeered in the streets by their children. Therefore I would recommend in a general way that full study and research continue into this problem. The report on juvenile deliquency, we are informed, will be available shortly, after a great delay which we all regret. The Vanier Council on the Family is continuing its work. There should also be a greater appreciation of the role of law enforcement. The R.C.M.P. and police officers are in great disrepute because they are the only ones who say no to our young children. There should be greater family participation in sports and in outdoor life. There should be a reassessment by parents of material things and status symbols. We must strive to strengthen our own institutions of honesty, integrity, unselfishness and, above all, respect for authority. Lastly, there should be particular outlets for energies of youth, and this is where my motion comes in.

I am proposing that an annual seminar, as outlined in my motion, be held each year. This would be a combination of the Rotary adventure and citizenship. A model parliament is to be set up in 1967, as proposed by Bill Fair of Saskatchewan, and this could be held when Parliament opens. It is to be patterned on the American Hearst Foundation Seminar and I hope private business will also become interested in it.

I envisage a three to five day seminar. The R.C.M.P. and military could look after our young people who would come here from other parts of Canada. I should like to see the Supreme Court included in the plans. Many Members of Parliament have already shown interest in bringing young people from their ridings to Ottawa. I recall that the former Minister of Finance, Hon. Donald Fleming, did this each year, and I think the Prime Minister (Mr. Pearson) sponsors young people from his riding each year. This would supplement the idea which has been put forward by others before me and make it a permanent occasion.

It has three particular advantages. First, it would be a way of dealing with the obvious restlessness of youth. Boredom and social pressure would be put aside and the angry young men could play their part more constructively in our parliamentary process. Second, it would provide greater knowledge of our parliamentary institution which is surely needed. The role of the monarchy, which is misunderstood by our youth today, could be dressed up and presented to our young people in a modern way. Third—and this is very important—it is difficult for people from east and west to obtain the money required to come to Ottawa, and my motion would provide for some sort of fund or subsidy to be set up for this worthwhile cause for each Province from shore to shore. Our generation has the opportunity to improve itself, and I reckon we can either strengthen our values and give our youth some guideposts and memories for their peerless future or we can do nothing at all. I hope that this idea will commend itself to all Members of this House and will go to repair some of the breakdown in understanding which has taken place between adolescents and older people.

Therefore I propose that the Government underwrite a full Youth Extension Program as outlined in my motion. This will demonstrate that we are concerned with the welfare of youth and would tangibly recognize the importance they hold in our future and in the future of nations such as ours, with I hope the result they will be presented with an enthusiastic challenge for their vigour and energy, and in turn may pass on the best, and not the worst, of our system of Government.

Mr. Ian Watson (Châteauguay-Huntingdon-Laprairie): Mr. Speaker, I should like to congratulate the hon. Member who has just spoken for the suggestion which he has just put before the House. I think all of us in this House have realized for some time, certainly since we have been here, that throughout Canada there is a desire among our youth for opportunity for service, and for opportunity to participate more fully in Canadian life. Youth today feels a little left out of things. There is an abysmal amount of ignorance about our parliamentary institutions, and I am convinced that the hon. Member's suggestion should be seriously considered by the Government. I suggest that the Ministry to take up this suggestion should be the Department of Citizenship and Immigration.

During the last two or three months I have been quite interested to learn of the

numerous activities which the Department of Citizenship has been carrying out along this line for several years. They have considerable staff working on youth problems and acting in an advisory capacity to youth organizations across the country. I would think that the suggestion the hon. Member has made would fit in with the present activities of the Department of Citizenship, and within the present framework it would be a fairly simple matter to hold the type of seminar he is suggesting by 1967. Those of us who live fairly close to Ottawa have the opportunity of receiving students here quite frequently during the spring months. I always make a point of having the students addressed by two, three or four Members of Parliament, followed by a question period, and I am convinced that these students leave Ottawa with a better appreciation of how Parliament works. I think a complete study along the lines suggested by the hon. Member would produce results in high schools across this country, and would diminish the disrespect which I think youth today holds for our parliamentary institutions.

• (5:10 p.m.)

We here in this House, and perhaps I should limit this to the few Members who over the past two years have employed tactics of obstruction, are at least partly responsible for the situation referred to by the hon. Member, in respect of which he suggests that we should cease this long drawn out parliamentary debate, come up with something efficient and get something done. We in this House are partly responsible for that situation. I think the greater part of the responsibility in this regard falls on a limited number of Members in this Chamber.

The Government has, in announcing the proposed establishment of a Company of Young Canadians, taken a long step toward providing Canadian youth with opportunities for service, for which they have been asking at least since the end of World War II. During wartime the youth of this country was called upon to serve this country, but since the end of the last war succeeding generations have felt a lack in Canada of opportunities for service in peacetime. A youth corps or Company of Young Canadians, as has been announced by the Government, I am sure will provide an outlet for the energy of these young Canadians and I hope that such a Company of Young Canadians will be directed by a secretariat, a committee or a commission which could, in turn, make recommendations to the Government in respect of all areas of youth interest.

[Mr. Watson (Châteauguay-Huntingdon-Laprairie).]

There are several important Government-sponsored plans for youth activity. There is, for example, the Centenary Commission, which is doing a wonderful job arranging for a mass interchange of students among the various Provinces in Canada. This is to take place next year and in 1967, and I hope this student interchange will be encouraged and expanded.

The approach which the Government has been taking, as far as the Company of Young Canadians is concerned, is one which will involve the obtaining of advice from youth organizations in this country. These organizations are being asked to make suggestions regarding the functions of a Company of Young Canadians, which it would be expected to fulfil. I think this is a proper approach. Too often Governments tend to bring in legislation without really consulting the people who are to be involved. In this case the youth of this country is being asked to make suggestions to the Government. By sending in these suggestions at this time they will in effect be taking part in the creation of this Company of Young Canadians. This is surely the right kind of approach to take in respect of something which is new to the Canadian scene.

I am sure the Government has a number of ideas along the lines of this Company of Young Canadians suggestion, which it will probably develop. We are going to be faced with a number of difficulties in launching an internal youth corps program in Canada, because we must restrict ourselves obviously to areas that are within Federal jurisdiction. We will have to be very careful about overlapping, which means that we must start to work with our Eskimo and Indian population on the reservations and in the villages in which these Canadians live.

Rather than setting up an agency whereby white Canadians from the south will go to the Indian and Eskimo villages, I am personally convinced that we should, as far as possible, be careful to use young Indians and Eskimos in this youth corps Company of Young Canadians. I am sure that any other approach than that will meet with great difficulty.

One of the grave problems in respect of encouraging Indians and Eskimos to take part in this kind of program is the distrust on the part of these native Canadians for white men's intentions. We must use as com-

pletely as possible the available Indian and Eskimo talent which now exists. Young Indians and Eskimos in Canada during the past 10 or 15 years have been educated. We now have a large number of these native Canadians graduating from high school, or dropping out from high school courses, although reasonably well educated, and returning to their homes, villages and reserves in areas of the north where there are few available employment opportunities. One of the most useful functions that such a company of young Canadians could fulfil would be the channelling of educated and properly trained young Indians and Eskimos into Northern Affairs work. In these areas there are large groups of very competent and well educated young native Canadians without jobs. These trained personnel should be directed to these areas where they could act in the capacity of career advisers, of whom there is a terrific lack in the north. Most youngsters do not have any idea of the sort of job for which they should train themselves. This is one function that is needed immediately in the north. I am convinced that the Company of Young Canadians should take steps to provide personnel of this type, and I would suggest that where it is at all possible these personnel should be Indian or Eskimo.

• (5:20 p.m.)

With regard to the external program of the Company of Young Canadians, I think we should work initially through the very excellent framework of CUSO, which has been developed over a number of years. The Government has announced its support for CUSO by spending upward of half a million dollars this year, I believe. I think we will find that the program will become so large that CUSO will not really be able to handle it and that eventually we will require for the external program a combination of CUSO and the Company of Young Canadians.

I am convinced that Canada could not spend its money more wisely than by investing it in such a program. The benefits we would reap abroad, as well as the benefits that our youth who participated in the program would reap, would be beyond compare when contrasted with the military aid type of program which our governments have tended to support in the past. These programs have their place, of course, but dollar for dollar I think nothing will produce as many beneficial results for Canada and the people we are trying to help as the Company of Young Canadians.

There is another area where I hope the Company of Young Canadians will be beneficial within Canada, and that is in dealing with problems in areas of rural poverty and also in urban slums. This is a field where we are going to have difficulty because of the provincial jurisdiction involved. The need for career counselling in areas of rural poverty and urban slums is just as pressing as among our young Indian population. I think we can be more useful in this area than in any other.

Canada is a country that is relatively undeveloped and I cannot help but feel that the youth of our country are not taking advantage of our fantastic wilderness areas in the same way that the youth of many European countries and even the youth of the United States do with regard to their own wilderness areas. We may be developing along this line but our people do not really enjoy being outdoors. I think there is room for a Government program. I know that the Minister of Northern Affairs and National Resources (Mr. Laing) has been doing something along the lines of encouraging our youth to make greater use of our national parks, but certainly much more can be done by the Government to encourage the enjoyment by our youth of our wilderness areas and our national parks. I should like to congratulate the hon. Member again for his suggestion. I think it is certainly worthy of consideration and I hope that next year the Department of Citizenship and Immigration will take up his idea and put something into effect along the lines suggested.

Mr. R. N. Thompson (Red Deer): Mr. Speaker, first of all I should like to congratulate the hon. Member for Saint John-Albert (Mr. Bell) on bringing forward this motion. I believe it is a very commendable one and has a most important objective. With regard to the continuing of a strong system of parliamentary government such as we have in Canada, certainly we who are part of the parliamentary system at this time owe it to those who will take our places to make sure that they have not only a wider knowledge but a deeper understanding of the principles that are involved as part of our responsibilities.

I think most Members of the House are aware of the plans of a group of young people headed by a Mr. William Fair of Saskatoon to include as part of our Centennial celebrations a youth parliament that would sit on or about the 1st of July. In this youth parliament there would be representatives from

every Province who would carry on a mock parliament, so to speak, as part of the Centennial celebrations. I think this idea has been endorsed by all parties in the House and certainly it has been given the endorsation of every provincial Government. In fact, I believe that the provincial Premiers are ahead of us in realizing the importance of such a project. I was going over some of the clippings and letters I have on this subject in my file, and came upon the very definite and well stated comments of the Premier of Prince Edward Island. He said:

> The stimulating of interest in public affairs on the part of our younger people and an expanded knowledge of national and international problems confronting governments today would seem to be a very commendable objective. The gathering together of youth delegates whose eligibility would involve a course of training and investigation and their presence as observers on the parliamentary level, as well as the broadening of the conference to take in areas outside of Canada, would seem to be quite worth while.

I think this statement goes right to the heart of the suggestion that has been made in this motion and I believe that all of us should support it. I would hope that the motion could be passed this afternoon because it would indicate our own interest and concern in a wider grasp and a better understanding of the parliamentary set-up. The proposal for a Centennial Youth Parliament envisages that it would be held on the 100th anniversary of Confederation, July 1, and that for every Member of Parliament in the House there would be a member in the Youth Parliament. It is also proposed that His Royal Highness the Prince of Wales, the Duke of Cornwall, be invited to attend to represent the Crown. I think this is an excellent suggestion and could well provide the opportunity for Prince Charles to take the first step toward accepting his own responsibilities as heir apparent to the British throne.

• (5:30 p.m.)

Another thing that the youth parliament would emphasize would be a Canadian Youth Week as part of the Centennial program. Not only has this suggestion received rather wide support from those who are Members of the Parliament and Legislatures of Canada, but there is also much support elsewhere. In fact, the committee for the Canadian Assembly of Youth Organizations has discussed this matter and made recommendations. On October 29 of last year they submitted a report to the Centennial Commission recommending such a youth program for Centennial year. They have made other recommendations also which would strengthen this into more of what I believe this motion intends, that would give administrative support and body to the centennial project. It seems to me that this motion is right in line with that suggestion from the Canadian Assembly of Youth Organizations.

Let us look at the motion briefly, Mr. Speaker. I notice that the first particular objective of it is to promote and nurture an interest among the youth of Canada in the principles of our constitution, the political liberties which root and support our social, civic and economic liberties, the self-denying duties of self-government, and in the evolutionary role of the Monarchy. I think that is well stated, and possibly every Member of this House ought to give it support and support now.

In looking at the second objective, I suggest perhaps that the hon. Member for Saint John-Albert (Mr. Bell) may clarify further his suggestion. He says it should promote relief in the power of reason as applied through public discretion as preferable to silence coerced by law—the argument of force in its worst form. I think I understand what the hon. Member is getting at, but I believe he has beclouded his objective a little of getting a permanent youth extension program set up that would have as its objective the educational study and discussion of the beliefs and functions of the democratic system as they relate to Parliaments and Legislatures.

I would agree, however, completely with the third point. It is to provide annual seminars for young Canadians from shore to shore under the supervision of Members of Parliament and officers of the House of Commons and Senate to gain insight into, and understanding of, the workings of Government in deliberation and action. I feel this is a specific area of need that is so important that it should not be confused with the Company of Young Canadians or some other youth organizations which have legitimate and worthwhile programs. We should not cover the particular area as if the objectives of this motion were to be relegated to that generalized picture. Perhaps in so doing we would miss the vital importance that I understand this motion represents.

I have the opportunity to speak to university groups and high school groups very often, and while I am amazed at the lack of information many of these groups have concerning the functioning of our parliamentary system, on the other hand I am encouraged by the

fact there is a hard core of young people who are interested in and concerned with what is taking place on the public scene. I feel we should encourage them and help them in making this particular study one of greater relevance to them. I believe that as some of us see the functioning of this House, we are not too happy with it. Many are concerned that we should have permitted the functioning of the House of Commons to drift along in such a way as to further the general impression across the country at this time that Parliament is not the institution it should be. Parliament, in the democratic system we have in Canada, is the heart throb of democracy. As we lose sight of Parliament, in exactly the same way democracy becomes less effective.

Again, I give my support to this motion. I urge everyone in the House to do likewise. Let us pass it, and let us show the young people of Canada we are actually interested in them, that we want them not only to understand but to become part of the parliamentary system and functioning of Government.

Mr. Heath Macquarrie (Queens): I, too, should like to congratulate the hon. Member for Saint John-Albert (Mr. Bell) upon his initiative in bringing forward this interesting resolution. I join with the hon. Member for Red Deer (Mr. Thompson) in expressing the hope that this motion will be passed. I am going to temper my words to that very hope, even though I see the hon. Member for Halifax (Mr. Regan) here, who is a fairly well tried talker-outer.

I am glad the hon. Member for Saint John-Albert, indeed all those who spoke before, wasted no time in deploring the moral lapses or prevailing attitudes of the youth of today. All down through the ages men have deplored their fellow citizens who were younger. A clergyman once said that in the olden days it was said, "When duty whispers low thou must, the youth replies I can". It is said now, "When duty whispers low thou must, the youth replies oh yeah". I do not believe this is the case. I would say, too, it would be an ironic situation if on this very motion, geared to pointing up the emphasis upon parliamentary performance and the inspiring of our young people's appreciation of that, we should revert to this inexplicable, often hypocritical situation of talking out. I very much hope we will pass this motion, and that we will think more about it.

In looking over the resolution carefully, I see that the word which has bothered the hon. Member for Red Deer should be "belief" rather than "relief". This makes the motion read a little better. I am convinced, Mr. Speaker, we Canadians have perhaps been afraid of being completely enthusiastic or completely nationalistic and so have failed to inspire our young people in the appreciation of many of the eternal verities of our political society. I feel we would not have got into so much trouble over a flag had our young people been instructed in what a flag meant.

I had the opportunity of attending school at an early age in the United States. It is easy for us Canadians to make fun of their obvious nationalism. However, they do inspire the young people in some of the meaningful values of their history. At the moment I am very much interested in the Monarchy. Our young people, indeed our old people, must give some thought to what the Monarchy means as part of our system, as the democratic guarantor of democratic freedoms, indeed as part of our working political structure. It is absolutely essential to provide the stability necessary in a society which can become at times quite unstable. I think, too, that the hon. Member for Saint John-Albert is right in focussing attention upon the workings of our Parliament and this House, the nerve centre of our national life. We live in an era, I think unfortunately, when it is far too easy to concentrate upon the Provinces and to look upon the national apparatus as something which comes after. In this heyday of Provincialism, I am worried when I see people denigrate Parliament as an institution. It is all very well for them to make fun of the politician as an individual; he is fair game. However, the institution is far greater than the individual.

This is the only place where I part company with the hon. Member for Châteauguay-Huntingdon-Laprairie (Mr. Watson). I would not so readily attribute blame to any one quarter for what happened in a certain recent prolonged debate.

• (5:40 p.m.)

Like the hon. Member for Red Deer (Mr. Thompson), who is not here at the moment, I too look forward to the youth parliament, but unlike him I would not call it a mock parliament. I would hope it would be a model parliament. I am convinced with the leadership young Mr. Fair has been giving all across the country, we will see in this a tremendous display of seriousness and perception on the part of the young people of this country, that will give us all great heart and encourage us to go forward and cope with the problems

that will not vanish in the years ahead, no matter what party takes power here in Ottawa.

We need national inspiration. We need to take time and look particularly hard at the young people of this country. I am told there are 5 million Canadians under 35 years of age. I am one of those who would like to see the young people vote at an early age. I thought the Government was going to do something about reducing the voting age, and I would not be at all fearful for the country if the franchise were extended to those from 18 years on.

I would like to say too that while there are great challenges for those who go into the north there are great opportunities for the Company of Young Adventurers, and I commend the Government for its inspiration on that, even if it is a re-inspiration. We have drawn our ideas from the British and Americans for years, so why be so upset about this, so long as it is good?

We Canadians are very pragmatic and when we have chances to be idealistic we should not shy from them. I was glad the hon. Member for Saint John-Albert (Mr. Bell) mentioned the adventure in citizenship in which the Rotary clubs have been giving outstanding leadership, but his proposal in paragraph (c) would be on a more comprehensive and more permanent basis, constituting a program which would be extremely worth while.

I wish I had more time to discourse on this most interesting initiative of my colleague from New Brunswick, but I do not want to monopolize the time of other hon. Members. I would just like to say he has produced an excellent idea and it is for us to give it some vitality and reality. The passing of this resolution would be only the beginning, just as the establishment of the Company of Canadian Adventurers is but part of a program which we should bring to all Canadians. I commend him for it and lend my hearty support.

Mr. J. E. Lloyd (Halifax): Mr. Speaker, the essence of this resolution is really an expression that we need to do more in educating youth to the realities of democracy in Canada, but the method chosen to achieve this enlightenment of our youth does an injustice, I feel, to the rather more responsible and higher objectives which are expressed later on in the resolution. Nevertheless one can only commend the hon. Member for Saint John-Albert (Mr. Bell) for focusing the attention of the House on this very important question.

[Mr. Macquarrie.]

Indeed it may very well be that this could be an action taken by a government and by a parliament in a spirit of good will and with no partisan viewpoints, but it would seem to me we should first identify how we are going to achieve the very worth-while objectives expressed in the resolution. Before I deal with that I should like to make some comments on those things, which are really not part of the resolution but which have evoked discussion by hon. Members opposite.

Reference has been made to the Company of Young Canadians, and I think everyone will agree this is a useful and practical exercise for young Canadians. It is welcomed by everyone in Canada. It is recognized as a contribution to working with reality. It gives an opportunity to those who have recently graduated from the academic life, with which they have been occupied in the main, to work with people concerned with the realities of living in Canada and in other countries.

Certainly the young student of economics who has read something about Rostow's Process of Economic Growth, and who works with a couple of young Canadians in an underdeveloped country will have brought to his mind an experience factor which will provide him with skill, and at a later time he can make his contribution in a more effective way at home in whatever professional or other career he may seek. There is no question about that; but today we are talking about developing an appreciation among the youth of Canada as a whole for the liberties of our great democracy.

I am sure the hon. Member for Saint John-Albert does not confine his desire for enlightenment among our youth only to those who have successfully achieved the graduacy of a university. I am sure he recognizes there are many young Canadians who have left high school to go into vocations and trades and who, with experience in life, have developed an ability to identify common sense and isolate nonsense. I am sure he wants to help those who have not been exposed so well to the disciplines of university, who are not so familiar with sociology, who have not had a formal education in political economy, who have not been informed in the broad range of social sciences but who, nevertheless, have a capacity to understand.

I would think this is the viewpoint and I would say this is certainly a worth-while program for a Government to contemplate, to somehow separate for those people some of the contradictions that those who are knowledgeable about semantics bring to our

attention from time to time. We want to enable them to protect themselves against the tyranny of words which so often besets those of us in democracy. Indeed we have had a bit of that sometimes in this House. I am sure one hon. gentleman enjoys this observation, because of his ability on occasions to make some contribution to this tyranny.

It is no wonder that many Canadians look at the House of Commons trying to figure out just what we are attempting to do. They do not understand the subtleties and the strategies of debate. These are wasted upon them. They come to this Chamber and they try to understand something of the procedures. Well, let me say, Mr. Speaker, even an hon. Member who is not youthful in years but who may be youthful in terms of experience in the House, when he first comes here and asks for some explanation of the wisdom of years expressed in the procedures of the House, is handed that most enlightening document called Bourinot's, or somebody else's rules and, unless he has been educated in university in jurisprudence and can interpret quite readily the legalese of those who write such works, he will not find his way.

• (5:50 p.m.)

Or he may be presented with a work by another young Canadian, Dawson by name, which, if you like, criticizes the procedures in which we engage. It is no wonder then that any hon. Member of the House, including the mover of this motion, would make a plea for the enlightenment of Canadians in the procedures of the House, and certainly there is no question but that this is a matter that will require the attention of the Government. Indeed, the Government is taking some steps in this regard. Certainly when the Government brings forth the measures forecast in the Speech from the Throne we shall have a wonderful opportunity to rid ourselves of some of the accumulation of years past which no longer serves a useful purpose in the operation of Parliament. I hope those who, in principle, say there is a need for enlightening young Canadians on the workings of democracy will recognize this fact when the opportunity occurs to improve procedures in this House. That will be the time to show in a meaningful way how sincere they are in wishing to provide for youth a procedure which they can comprehend, one which they understand and one which will produce for us in this House a more effective and more rapid conduct of business.

Reference has been made to the model parliament proposed by a young Canadian named William Fair. There is no question but that this young man's interest in this subject deserves the support of us all. He has taken this matter to a stage at which I understand the Canadian Centennial Administration has proposed an agreement with him to engage his services.

Mr. Woolliams: Let us have a vote on it.

Mr. Lloyd: I am sure the hon. gentleman opposite who has just made a characteristic contribution to the debate wants a vote on this question. But I suggest to him that several of those glittering generalities, such as flow from his lips, are expressed in the motion before us.

Mr. Grafftey: Do you think your bombast will impress the young people?

Mr. Lloyd: Let us read the motion. It suggests:

> That, in the opinion of this House, the government should consider the advisability of underwriting a Youth Extension Program of the Parliament of Canada—

In what manner is it suggested that this program should be underwritten, and what is specifically meant by the phrase "Youth Extension Program"? I suggest we should vote on something far more substantial, something which the youth of Canada would probably appreciate much more, such as the measure outlined in the Speech from the Throne, rather than this kind of political manoeuvring.

Mr. Woolliams: There is no political manoeuvring in the Speech from the Throne?

Mr. Lloyd: That is what bothers the hon. Member. He is really puzzled by what is contained in the Speech from the Throne.

Mr. Grafftey: Would the hon. Member for Halifax permit a question?

Mr. Lloyd: No.

Mr. Grafftey: Does he feel his speech this afternoon will impress the youth of this country?

Mr. Deputy Speaker: Order; may we have order in the House? The hon. Member for Halifax has the floor.

Mr. Lloyd: I think it would be a great inspiration to the youth of Canada if the hon. Member who asked me that question would produce some evidence that he understands the rules. If he would direct his question in the proper fashion I will be happy to give him an appropriate reply.

Mr. Grafftey: I would ask the hon. Member if he feels in all sincerity that his efforts this afternoon in this House will impress the young people of this nation.

Mr. Lloyd: I am certain that the young people of this country understand straightforward observations such as I have been making today.

Mr. Grafftey: Horsefeathers.

Mr. Lloyd: They fully understand that when a measure such as this is put forward asking the House of Commons to consider the feasibility of underwriting a youth extension program we should be informed precisely what these phrases mean. It does recommend, in all fairness to the hon. Member for Saint John-Albert (Mr. Bell), that provision should be made for "annual seminars for young Canadians from shore to shore under the supervision of M.P.'s and officers of the House of Commons and Senate to gain insight into, and understanding of the workings of the government—".

I think we would have an interesting time considering which Members would conduct the supervision. It might be necessary to have four or five representatives to make sure that all the parties have an opportunity to expound the appropriate party philosophies. The resolution does not say which officers of the House shall be concerned in this project, leaving the whole proposal vague and uncertain.

There is no question but that we should seek to enlighten young Canadians to the fullest extent possible with regard to the purposes of our Canadian democracy. Nevertheless it is my submission that this resolution requires a great deal more thought; we should be told clearly how it is intended to achieve this worthy objective. I am sure that any venture intended to enlighten youth as to the workings of our parliamentary democracy would also enlighten the instructors. But I do not see in this resolution the kind of program likely to achieve really valuable results. Indeed, I regret that the resolution does not go further. It seems to me the hon. Member desires to warn our young people against those societies in the world today which would eliminate the place of the individual and destroy freedom. That is obviously a worthwhile objective; but the accomplishment of such a goal would require a clearer directive and a better resolution than the one we have before us today.

[Mr. Lloyd.]

Mr. Deputy Speaker: It being six o'clock the hour for the consideration of private Members' business has expired.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTIONS TO BE DEBATED UNDER ADJOURNMENT MOTION

Mr. Deputy Speaker: It is my duty pursuant to Provisional Standing Order 39A to inform the House that the questions to be raised at ten o'clock today are as follows: the hon. Member for Winnipeg North Centre (Mr. Knowles) Public Service—superannuated federal employees—request for increased pensions; the hon. Member for Brandon-Souris (Mr. Dinsdale) Industry—direct purchase of automobiles for Mounted Police.

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means, and the amendment thereto of Mr. Nowlan.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the official spokesman for the Opposition also suggested that it would have been better to restore the sales tax exemptions on production machinery, and presumably building materials as well, than to have cut personal taxes.

Mr. Woolliams: He did not say that.

Mr. Gordon: You cannot do everything. This is a matter of opinion. I notice that in an editorial this morning a Tory newspaper, in discussing this point, had this to say:

> Mr. Nowlan, moreover, proved himself a poor prophet when he objected to elimination of the exemption in 1963.

That is the sales tax exemption.

> He said it would retard economic development and produce unemployment. On the contrary, industry has experienced steadily increasing prosperity.

That, Mr. Speaker, is the comment of the *Globe and Mail* this morning, a paper which, I have noticed, does not often support the views of the Government.

Mr. Woolliams: Which Government are you talking about?

Mr. Gordon: I am talking about "the" Government.

Mr. Starr: That is how you got into office, because they supported you.

Mr. Gordon: The Excise Tax Act contains a number of anomalies and contradictions. I said in my budget speech that I am sympathetic to the number of complaints which I have received about the application of the sales tax. I said that in my opinion the Act needs to be thoroughly revised. I had hoped this provision would have been in this year's budget but as we know, the report of the Royal Commission has been delayed. I suggest, Mr. Speaker, that it would have been foolish to embark on a major revision of this Act without the benefit of this expert study which was commenced nearly three years ago.

As I say, I am sympathetic with some of the complaints that I have received about the sales tax. Nevertheless we should keep things in perspective. The sales tax is deductible in one way or another in computing the taxable income of corporations. This means that if a corporation pays tax at, say, 50 per cent, the effect of the 11 per cent sales tax is reduced by half—that is to say, to 5½ per cent—and if the equipment on which the sales tax is levied lasts five years the extra cost thus works out at 1 per cent per annum. Now, this is not insignificant but neither is it completely devastating, as the current level of corporation profits would seem to prove.

Mr. Knowles: Would the Minister permit a question at this point. Is he telling us that a corporation, after having passed the 11 per cent sales tax on to the customer, gets half of it back from the treasury?

Mr. Gordon: No, Mr. Speaker, I am not. I would be glad to go into this with my hon. friend. It was brought up by a member in another profession, but in this particular case I was talking about the sales tax on productive machinery, which is eligible for depreciation on capital cost allowance. As it is written off over a period against profits, then the cost of the machinery and the whole cost, including sales tax, is amortized against the profits of the corporation over a period of years, depending on the circumstances, and to that extent it reduces the 50 per cent corporation income tax.

Mr. Starr: But that is only in certain areas.

Mr. Gordon: I do not know in what profession my hon. friend was brought up; sometimes I wonder. However, I do not think I will try to explain it to him. If I might finish my speech hon. Members can ask all the questions they like, provided there is still some time left.

Let me turn now to another important problem which is dealt with in the budget. This involves the competitive difficulties faced by Canadian magazines and also the very vital matter of preserving Canadian ownership and control of Canadian newspapers. I believe, Mr. Speaker, that a majority of Canadians will agree, at least in principle, that because of the important, the vitally important role played by newspapers in influencing public opinion we should ensure that they do not fall under foreign control. Yet since budget night we have been presented with a variety of arguments set forth in newspaper editorials as to why the Government's proposal should not be proceeded with.

Some newspapers have asserted that we are striking at the freedom of the press. The arguments put forward in support of this assertion are difficult to follow. The real issue involved at this time, of course, is not freedom of the press at all; it is a question of whether this country will have a Canadian press which presents news and views in a Canadian light.

Another editorial comment or argument is based on the premise that foreign ownership of newspapers is not a problem at present, and that therefore there is no need to do anything about it. I suggest that if we did nothing until the problem arose, these same critics would be the first to accuse us of locking the barn door after the horse was stolen. Some people have said that while the objective of preventing the sale of Canadian newspapers to foreigners is acceptable, they disagree with the method chosen. This is the view of the publishers of the papers owned, for example, by F.P. Publications.

Mr. Nowlan: Is that the paper which said that you locked the door and left the fox in the hen run?

Mr. Gordon: I am not the Minister of Agriculture; I think he could answer my hon. friend's question better than I.

Under the F.P. Publications proposal a better plan would be for the directors or owners of a newspaper to pass a by-law which says that none of their shares could be sold to a non-resident of Canada. That sounds fine, but we all know that some future owners of these shares would be in position to pass another by-law rescinding the first one.

Mr. MacEwan: Much like Liberal policy.

Mr. Gordon: Apparently the editor of one of their papers, the Ottawa *Journal,* takes a very different line. I challenge anyone, this being, I think we will all agree, a most difficult question, given the political climate in Canada at the present time, to come up with a better proposal than the one put forward by the Government which would have any chance of being implemented. I say to all of the critics of this particular proposal, let us hear what they have to say. Let us have a counterproposal that has some chance of being workable.

• (8:10 p.m.)

Let me now come to the criticisms that have been made about the Canada Development Corporation, some of them by people who do not seem to have studied the proposal very carefully. The official spokesman for the Opposition was properly cautious in his remarks; not so his predecessor in office, the late lamented Donald Fleming.

Mr. Woolliams: The late Donald Fleming? Is he dead?

Mr. Gordon: I am tempted to answer that question, Mr. Speaker, but I shall refrain from doing so.

In rather typical fashion Mr. Fleming, shooting from the hip, let off what sounded like a 21-gun salvo, described as 21 reasons for not doing something which most people seem to find constructive. I am not clear from newspaper reports whether Mr. Fleming's real motive was to get back in the news with his erstwhile colleagues, Mr. Fulton and Mr. Hees, just in case some vacancy or other might occur at some time before too long. Perhaps Mr. Fleming has no such aspirations and was merely speaking on behalf of certain investment companies with which he is said to be now associated.

Mr. Woolliams: Those are the ones you left behind in Toronto.

Mr. Gordon: I was not associated with him. I left a lot behind in Toronto, and Mr. Fleming has only begun to sniff around the edges.

[Mr. Gordon.]

In any event, I have been more impressed with the reactions of such newspapers as the *Financial Post* and the *Financial Times* whose editors perhaps had greater opportunity and perhaps took greater pains to assess the present proposal—not the one Mr. Fleming was fighting about some years ago—for a Canada Development Corporation. As might be expected, their reports are more accurate and their comments more enlightening than Mr. Fleming's heavy breathing.

I take it that most hon. Members and the majority of Canadians are concerned about the increasing degree of absentee control of Canadian businesses and Canadian resources. But speaking now from experience, I think I can say on this matter anyway, that when an effort is made to do anything about it the particular measures suggested are inevitably criticized.

I seem to remember that some proposals I made nearly two years ago were criticized as being negative. Those proposals are to be supplemented by another which, in its very essence, is clearly positive. I believe this combination of measures can have some effect in slowing up a trend which most people say they deprecate.

I would remind hon. Members that the purposes of the Canada Development Corporation are to supply a pool of capital which can participate in new long-term developments, including developments in the resource and manufacturing fields. This pool of capital will also be available in cases where the present owners of existing Canadian corporations are forced to sell for one reason or another. Furthermore, it will be available to turn to, in cases where foreign owners of Canadian businesses wish to sell out to Canadians or, on occasion, to take in Canadians as partners.

Quite apart from this, the Canada Development Corporation will provide a vehicle through which individual Canadians, and they will be given a priority, as well as Canadian financial institutions, can participate in the long-term growth and development of Canada. I am getting a very good response to this proposal.

Obviously, to be successful, it will require support in business and financial circles. Before putting it forward I had the benefit of the advice of some of the leading and most respected members of these fraternities. Since budget night, I have requested the Investment Dealers Association for their help and assistance. I propose to do the same thing with other groups who will be affected and whose advice can be most helpful. I include in these

groups, and very high on the list, representatives of labour unions whose members seem to be very interested in this proposal. I am glad to get some support from an area which seemed to be somewhat critical of this particular proposal.

It is very important that workers in factories, members of labour unions and farmers should have a chance to participate easily in this Corporation. There will, of course, be ample opportunity for full discussion of all aspects of this proposal before it is enacted into law. In the meantime, all I can repeat is that hundreds of thousands of Canadians would like a chance to participate in the growth of Canada. They will get this chance though the Canada Development Corporation.

Mr. Speaker, a vote tonight in favour of this amendment, as the hon. Member for Medicine Hat (Mr. Olson) made clear last week, is nothing more nor less than a vote of non-confidence in the Government—a vote against tax cuts, a vote against measures designed to continue the expansion of the economy and the improvement in the conditions of employment. I would urge all hon. Members, including even a sprinkling from the opposite side of the House to vote the amendment down.

Mr. Skoreyko: Mr. Speaker, I wonder whether the Minister would permit a question.

Mr. Deputy Speaker: Does the Minister of Finance wish to reply to questions?

Mr. Gordon: Mr. Speaker, I will be pleased to accept one question, but perhaps it would be unfair to other Members who wish to speak to prolong the questioning at this time.

Mr. Skoreyko: I have one short question. Does the Minister recognize that the reason for the statement made by the hon. Member for Medicine Hat is that he must justify his position in this House, and that that is why he supported the Liberal proposition?

Mr. Gordon: Mr. Speaker, I find the question to be rather silly, but the answer is I am certainly delighted to justify my reason for being in the House. If you really want to push me, let me ask you about the changing conditions in this country.

Mr. Skoreyko: Mr. Speaker, I should just like to make one comment.

Mr. Deputy Speaker: Order, please.

An hon. Member: Sit down.

Mr. Deputy Speaker: Order please. I recognize the hon. Member for Pictou.

The Budget—Mr. MacEwan

Mr. H. Russell MacEwan (Pictou): Mr. Speaker, the House has just been treated to a second edition of the budget by the Minister of Finance (Mr. Gordon), who apparently thought it wise to explain some of the things which he brought forward in his budget. We will leave it to the Members to decide whether or not he has done that.

It was pointed out, when the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan) spoke first regarding the economic position of this country, when he referred to the White Paper issued by the Minister of Finance, that there had been changes. In that White Paper to which the hon. Member referred appears the following statement:

> In terms of economic achievement, the year 1964 was a remarkable one.

I think we will all agree with that statement. The statement then continues as follows:

> As we were often reminded, in 1964 Canada was in the fourth year of a cyclical upswing whose length in itself was unusual.

• (8:20 p.m.)

The Minister referred to various policies this evening which he said the Opposition had had nothing to do with. I think the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan) dealt with that matter. In my view the great flood of oratory which flowed from the Minister on the night of the budget can be summed up by recalling that a great Roman historian, Plutarch, once said:

> A mountain is in travail and then a mouse was born.

I think these words of Horace the Latin poet also hit the budget right on the nose:

> The mountain was in labour and brought forth a ridiculous mouse.

I think that sums up the budget. As was pointed out when the Minister was presenting the budget, the figures which he brought forward represented selected statistics. Members opposite will ask: Why do you make these submissions and suggestions? The Minister said that there was nothing to the claim that the 11 per cent sales tax had done so much harm in this country. As reported in the Montreal *Gazette* of April 28 the president of the Canadian Manufacturers' Association, Mr. A. A. Cumming, referred to the budget as a "damp squib budget". I have great faith in Mr. Cumming because he is a native Nova Scotian, and Nova Scotians know what they are talking about. With

further reference to the budget Mr. Cumming went on to say, as reported in the *Gazette*:

All in all, while not the shocker that his first budget was, Mr. Gordon's third effort, so far as business and industry are concerned, falls short of the glowing advance billing it was given by the professional kite-flyers.

That is certainly the case. The Minister said that the sales tax would do no harm. I should like to read a short telegram which was received by the hon. Member for Peterborough (Mr. Stenson) whose riding is a heavily industrialized area. The telegram is from the Fisher Gauge Works, Peterborough, and it poses a question which I believe the Minister should think about. With reference to the sales tax it says:

Does the House realize that for every dollar paid in wages to tool for production in Canada whether for export or not more than 30 cents must be paid in sales tax alone or nearly one dollar in tax for every hour worked? This raises Canadian labour rates for tooling higher than U.S. rates. It is hardly necessary to wait for the Royal Commission report on taxation to correct this absurd situation.

Another matter referred to by the hon. Member for Digby-Annapolis-Kings which is very important, especially to the Maritime area, was education. When no change was made in this regard various submissions were put forward from the Maritime Provinces. In particular, the President of Acadia University, a well recognized university, had this to say:

The fact that the budget makes no provision for interim financial help for the universities pending the report of the Bladen Commission is bound to cause profound dismay among those responsible for higher education. Our situation is critical and immediate action is imperative.

The Halifax *Chronicle-Herald* also had an editorial on the subject headed "Why Wait"; in other words, why wait for later in the spring, do it now. The editorial had this to say in part:

Mr. Gordon could have acted, but chose to wait. We hope that the strong representations made to him to reconsider his decision will bear fruit, and that extra aid designed to last until more permanent measures arising from the Bladen report are implemented, will be announced before Parliament's summer recess.

There is another very important matter which I recall the Minister dealt with in his first budget. He took some pains to deal with the large amount of money set aside for shipbuilding subsidies. We know how important these are to the shipbuilding areas of Canada in the Atlantic Provinces and on the West Coast. We also note that this year there has been a cutback from $32 million to $27 million in this regard and that an interdepartmental committee has been set up by the Government to study whether the shipbuilding subsidies will be continued. They are being continued for fishing trawlers. Let us hope the Government will continue them for other types of shipbuilding in this country.

When the Minister of Transport (Mr. Pickersgill) issued his statement about February 8 he pointed out that because of the large backlog of work in this country the shipbuilding subsidies could be deferred. I am not inclined to agree with the Minister in this regard. He referred to the naval shipbuilding work which will be forthcoming but I do not think we can hope for much from that. I put a question on the Order Paper for the Minister of National Defence (Mr. Hellyer) inquiring when the first keel would be laid under the new shipbuilding program and the answer I received was that it would be in 1966. After all, there are only four of these destroyer escorts and apparently two transport ships that will be built, and we certainly have more than six shipyards in the country. Therefore I hope that the committee which has been set up will not take too long to report. Otherwise, the amount of work will drop off, and we all know what a terrific amount of employment has been provided by the shipbuilding subsidy program introduced by the former government.

All I need to do is to point to the shipyard in my own area, Ferguson Industries in Pictou. I think they are on their fourth trawler at the present time. These ships have all been built under the subsidy program and without the program they would not have had anything in their yards. They have had very few refit jobs since the present Government took office. The situation is quite different from the formers days. I submit to the Minister of Transport and the Minister of Finance that the report should be made as soon as possible because the shipbuilding program is important not only to the yards themselves but to the producers throughout Canada of the many components which go into these ships.

With regard to the tax cut, perhaps it will be repetitious if I go into the figures that have been presented. The hon. Member for Digby-Annapolis-Kings pointed out that a married man with an income of $3,000 a year and two dependants would save $3 a year. It is also true that nephews, nieces, aunts and uncles have been added to the list of

dependants. I am reminded of that old song: "Sisters and brothers and cousins by the dozens are proud of Uncle Sam". Perhaps we might paraphrase that and say: "Nephews and nieces and uncles and aunts are proud of Uncle Walter", but I do not know how proud. That is the extent of the exemptions.

In this regard I would refer to another native Nova Scotian who has aspired to great heights and has achieved them. With regard to the tax cuts, Mr. Donald MacDonald, secretary-treasurer of the Canadian Labour Congress, said that the budget was "thin and unimaginative". He went on to say that "the income tax cut will give most benefit to those in the higher tax brackets".

The other day the hon. Member for Brome-Missisquoi (Mr. Grafftey) asked the Minister a question regarding inflation, and perhaps the hon. Member will go into this subject in a speech. I should like to quote briefly from Mr. John Meyer's column in the Montreal *Gazette* of April 27 in which he said in part:

> What is significant is that the factories and mills, in spite of their continually expanded facilities, are running at capacity. This is where the inflation risk is to be found, in the pressure of that additional buying power upon limited supply, in the renewal of the old cycle of too many dollars chasing too few goods.

He went on to say:

> "It's no good arguing that the inflation risk is worth taking. It's never worth taking, as the experience in the mid-fifties ought to have taught."

• (8:30 p.m.)

We know that in the last two years the cost of living in this country has gone up and up. Personal income taxes have been cut in this budget, but the suggestion has been made also that corporate taxes should have been cut in order to reduce the possibility of inflation.

I was going to go into things which the Minister said were done as reported on page 428 of *Hansard*. Among other things, he pointed out the provision of massive assistance to the Provinces in the fields of technical and vocational training. We know that the former Government brought in a provision to pay up to 75 per cent of the cost of construction of vocational schools, together with the furnishings. The Minister referred also to a vigorous expansion in the loan programs of the Farm Credit Corporation. We know who set up the Farm Credit Corporation and got it cracking. It was done by our Minister of Agriculture of that day. The present Government has just followed these policies.

Of course, the pegging of the dollar is something which the Minister would not want mentioned. Then, reference was made to increased amounts and improved terms for credits and insurance to finance a rapid increase in exports. We know what was done in this field by the former Government, especially to assist exports, by the former Minister of Finance when he helped to obtain an order for steel rails from Mexico which provided a great deal of work for the Sydney steel works.

I could go on and on. He mentioned the Atlantic Development Board. This was established by the former Government. He did not refer to the Atlantic Provinces Adjustment Grants. These were set up by the former Government and have not been rescinded. This indicates the present Government is following all these policies which were good ones for the Atlantic Provinces, and indeed for all of Canada.

I do not want to be too tough on the Minister. I would say this in his favour. He suggested that there will be a tax allowance for companies adopting measures in connection with water pollution, which is an important matter in this country in this day. We know that our water resources are very important, one of the most important resources we have. In adopting this policy, the Minister has made a move in the right direction. The Province of Nova Scotia has set up a water authority to look into this matter. I am sure this provision will be of help to some companies. I know that this water authority in the Province is starting to do a lot of good work in that line.

In so far as the Maritimes are concerned the Minister, of course, is still looked upon with a little bit of suspicion as a result of the Gordon report on economics. He pointed out in his first budget that if the tax incentives, that is accelerated depreciation, and the three year tax holiday did not help the Maritimes, then he did not know what would. Some suggestions have been made that these incentives have brought industry into areas such as my constituency as well as into the Cape Breton area. I am not going to debate that tonight, whether those things have been the factors which brought these industries into the area.

In passing, however, I would say that Industrial Estates, a Crown Company established by the Province, has had a lot to do with it. They had a lot to do with bringing

Scott Paper Company to my area by providing water for that company. Other factors were brought forward by Industrial Estates, such as guaranteeing the bonds for Clairtone, and that must have had something to do with the establishment of that company. I am not going to rely on my own opinion, but I should like to refer to a report from the Atlantic Provinces Economic Council to the Atlantic Development Board. In referring to these tax incentives, as reported on page 12, they say:

> We noted that tax incentives by themselves are not likely to be a very successful inducement for regional development, and should only form a part of a more general program.

Farther along they say this, and I think this will bear repetition:

> Our investigation indicates that during the first three years of location in the Atlantic Provinces a new enterprise is not likely to do much more than meet the "break even" point.. therefore, if it is intended to offer a three year exemption from income tax as an encouragement to industrial development, the exemption should be offered at least during six years from the inception of the new enterprise.

This is nothing new. The hon. Member for Digby-Annapolis-Kings (Mr. Nowlan) made that statement when this matter was brought forward first. May I also quote from an editorial in the Halifax *Chronicle-Herald* of April 24, 1965, which is entitled "Mixed View". I quote:

> We look with favour and fear on the news from Ottawa that the Cabinet has reached "firm agreement" to pay direct grants of up to 25 per cent of capital cost to industries locating in areas of high unemployment or low average income.

I think this is the pertinent part, Mr. Speaker.

> With favour because capital grants would represent a welcome extension of the tax incentive policy of a three year income tax exemption and accelerated write-offs of the capital cost of machinery, equipment and new buildings acquired by new manufacturing and processing enterprises which located in "designated areas" of high unemployment.
>
> With favour because full benefit from the present policy is only possible when a new industry is able to achieve profits immediately. This rarely happens.

I should like also to refer to an editorial from the local paper the New Glasgow *Evening News,* which points out that these incentives are advantages not actual benefits to industries. I quote:

> Under certain circumstances there are advantages —a much better word under the circumstances than "benefits". If the new plant is a money maker from the start, the Federal Government graciously permits the owners to keep the money they make."

[Mr. MacEwan.]

As is pointed out here, Mr. Speaker, the industry must make these profits during the first three years. This is the exception rather than the rule.

In the last few minutes I have at my disposal, I am going to refer to a suggestion which was made by the Atlantic Provinces Economic Council to the Atlantic Development Board to the effect that there should be a grant of 25 per cent of the capital cost of new industries. I refer the Minister back to his statement about the first budget when he said that if these incentives do not help he did not know what would. I feel that this organization, APEC, has pointed out what will assist our area a great deal.

Before continuing, I should again like to quote from the APEC submission, pages 3 and 4. I quote:

> Areas for assistance should not be chosen simply on the basis of surplus labour without regard to the potential of such areas...

Then, they suggest that the whole Atlantic region should be designated for assistance. APEC pointed out six particular locations and then said:

> This selection is based on rather preliminary investigation and we stand ready to accept changes in the light of further examination.

In this regard, I am suggesting that they should include the area in my constituency served by the New Glasgow employment office. Then, on page 4 of the report it is stated:

> We suggest also that a like capital grant should be available to the provincial authorities in respect to each advance factory constructed by them on the industrial parks located in the growth centres, and in respect to each factory on the parks constructed by private interests. In addition, we suggest a like grant to each firm now located in the region undertaking expansion which is likely to lead, either directly or indirectly, to additional employment.

● (8:40 p.m.)

I think this is true and I recall that just last fall I was visiting the heavy steel plants, in my area where the railway cars, axles and so on are made. I talked to one of the chief executives in that plant, who said he believed that existing plants undergoing extension should also receive grants and incentives. The Minister should bear this in mind. Not only must we attempt to bring in new industry, but we must hold on to the industry which we have. This is clearly pointed out in an editorial in the *Evening News* where it says that APEC should include our area as one to be given these 25 per cent capital cost grants.

In my area we have heavy steel manufacturing and all kinds of secondary industry.

We have a thermal plant which was enlarged, thanks to the Atlantic Provinces Power Development Act which was introduced by the former government. We have cheap power and skilled workers and I contend our area should be given the benefit of these additional grants.

I believe the hon. Member for Antigonish-Guysborough (Mr. Stewart) stated recently that we should not cast seed upon rocky ground. We have a little rocky ground in Pictou county, up in the Garloch area, but in the rest of the county we have heavy industry which should receive these additional capital grants.

My time is just about up, but in conclusion may I repeat we are just a little bit leery of the Minister of Finance because of the royal commission which he headed when he said he was going to give us one way tickets out of the Maritimes. I think he has changed his mind since then. This evening he mentioned tax incentives and accelerated depreciation. I hope he will give consideration to these 25 per cent capital grants for new industries and extend them to existing industries in the Atlantic area. We do not want to be too harsh on him or too suspicious of him.

We look to our Atlantic Provinces Ministers to assist us, and especially do we from Nova Scotia look to our Nova Scotian Minister who, as the hon. Member for Cape Breton South (Mr. MacInnis) pointed out, was touring the area by helicopter last week end. I think some of these Ministers had better get out of the clouds, put their feet on the ground and start to work.

In my area the naval refit work in the Pictou shipyard has apparently gone up the river. We have lost the Fergus contract to another company and we hope the Minister of Finance will do something for our area. I urge him not to drop the shipbuilding subsidies which mean so much to our shipyards. By retaining them he can do much to help our area.

Mr. Deputy Speaker: The hon. Member for York-Scarborough.

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker—

Mr. Knowles: Mr. Speaker, I rise on a question of privilege. As Your Honour may be aware, it is similar to the one I brought to the Chair's attention on Thursday evening of last week. We are in the midst of a debate in which in recent instances a pattern of speakers has been followed through an agreed list of speakers being presented to the Chair. That is not the case today. You do not have an agreed list of speakers and an attempt is being made to change the pattern, to reduce the number of speakers allotted to the smaller parties in the House, and I object to this being done.

I say again, as I said on Thursday night, that this should be worked out by agreement. There has been at least one meeting since my protest on Thursday night, but no agreement has been reached. Whatever Your Honour does, I do not think this rearrangement of speakers can be made without protest.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, as you will recall, last week we protested against changing the order of speakers. At that time, in all corners of the house, it was understood that the house leaders of the various parties would get together in order to agree upon the list of speakers on the budget speech. That meeting was held, and it barely lasted 25 minutes; the representatives of the third parties were ready to accept a suitable compromise. We were ready to admit, to a certain extent, some of the requests put forth by the Liberal and Conservative parties, but the representative of the Liberal party, the Solicitor General (Mr. MacNaught) promised us that another meeting would be held today in order to reach an agreement on the list of speakers.

But there was no such meeting. There was no understanding and, under the circumstances, I suggest that the Speaker of the house, whose responsibility it is to protect the minorities, should continue doing so on the basis of the precedents established for two years now in this house, namely that following a spokesman for the Liberal and Conservative parties, a representative of the minor parties would take the floor, and so on. Those were the established precedents.

Moreover, I should like to point out that we were ready to discuss with the government house leader. We were ready to make concessions and to accept compromises, but, unfortunately, the proposed meetings to reach an understanding did not take place.

There was, of course, a short meeting which was called just before the house met Friday morning. We agreed on the procedure to be followed Friday afternoon, but on the understanding that we would meet again

today. However, that meeting did not take place.

In the circumstances and since we gave evidence of our good will, since we showed our willingness to reach a compromise and we even made offers, since the government house leader or his representative, the Solicitor General, did not call any further meeting and did not make counter-proposals, in short, because there is no agreement at the present time, I suggest we follow the precedents established and, at this stage, let the hon. member for Timmins (Mr. Martin) have the floor.

[*Text*]

Mr. Peters: Mr. Speaker, because a motion has not been made in a formal way I move, seconded by the hon. Member for Skeena (Mr. Howard), that the hon. Member for Timmins (Mr. Martin) be now heard.

Mr. MacNaught: Mr. Speaker—

Mr. Deputy Speaker: Will the hon. Member present his motion in writing?

Mr. MacNaught: Mr. Speaker—

Mr. Moreau: On the question of privilege, Mr. Speaker—

Mr. Grégoire: Order.

Mr. Deputy Speaker: Order please. May I suggest to hon. Members that there is first a question of privilege that has been raised by the hon. Member for Winnipeg North Centre (Mr. Knowles). I might rule on this at the moment—

Mr. MacNaught: Mr. Speaker, if I might be permitted—

Mr. Deputy Speaker: Is the Minister addressing the Chair on the question of privilege?

Mr. MacNaught: Yes. I just want to point out to the House that up to the present time 18 members have taken part in this debate. Of those 18 members—

[*Translation*]

Mr. Grégoire: Order. There is a motion before the house.

[*Text*]

Mr. Deputy Speaker: Order.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I rise on a point of order. You have asked the hon. member to present his motion and it has now been placed on the table.

[Mr. Grégoire.]

[*Text*]

Mr. Deputy Speaker: Order please. The motion has been presented but has not been put. The question of privilege is still under consideration.

Mr. MacNaught: I wish to point out, Mr. Speaker, that up to the present time 18 Members have taken part in this debate. Of those 18 Members six have been from the Government side, six from the Official Opposition, two from the N.D.P., two from Social Credit and two from Ralliement Creditistes.

• (8:50 p.m.)

According to a mathematical arrangement of the speakers, the New Democratic Party will not be entitled to another speaker until after we have gone beyond 28 members. Certainly, the Social Credit and the Creditiste groups would not be entitled to another speaker until away beyond that point.

Some hon. Members: Hear, hear.

Mr. MacNaught: I would suggest to the hon. Member who has made this motion that he is doing a grave disservice to those other hon. Members who are waiting to take part in this debate. If a recorded vote is called at this time the hon. Member will be in effect depriving one hon. Member of his right to speak.

Mr. Moreau: On the question of privilege I should like to point out that the Members on this side of the House also have rights. We have been putting up with an order of speakers in this House ever since I have been a Member which has given the people over in that corner of the House the same speaking time as Members on the Government side, though we represent 48 per cent of the membership of this House. I happen to represent four times as many people as any Member speaking from that corner and I feel it is time for a change in our proceedings. My disillusionment with the Members of that party is complete. I am sure that the Members of the former C.C.F. party would have had a better sense of justice than that shown by their friends tonight.

Mr. Howard: I was just about to say that it sounded like an awful lot of sour grapes on the part of the hon. Member for York-Scarborough, because I think it is simply a fact of life here that the only time generally speaking when Government backbenchers are allowed an opportunity to speak is on such occasions as this—formal debates. At other times they are told to sit down, stay

quiet and keep their mouths closed. Let no one deny it.

Some hon. Members: Oh, oh.

Mr. Howard: These are their instructions, either from their own whip or from their own Government.

An hon. Member: What of it?

Some hon. Members: Oh, oh.

Mr. Deputy Speaker: May we have order, please. I presume the hon. Member for Skeena is addressing himself to the question of privilege.

Mr. Howard: Just as much as the hon. Member for York-Scarborough, whom you allowed to venture far afield to vent his anger on the occasion of the one opportunity permitted to Liberal backbenchers by his own Cabinet; he feels put out by this—

An hon. Member: What is your point?

Mr. Howard: My point is simply that this is so much sour grapes on the part of Members opposite.

Mr. Deputy Speaker: Order. Has the hon. Member completed his argumentation?

Mr. Howard: I was trying desperately to do so, Mr. Speaker. From the noise and the catcalls on the other side of the House it is obvious we have drawn blood by telling the truth for a change—

An hon. Member: For a change?

Mr. Howard: —and it is obvious the hon. Member is upset about it.

Mr. Deputy Speaker: The Chair is in the same difficult position as it was on Thursday last when a similar situation arose. Before the motion proposed by the hon. Member for Timiskaming is put to the House I should like to reiterate the point of view which I expressed at that time. I am referring, of course, to the occasion when this question was first raised, last Thursday. When there is no agreement among Members as to the order of speakers it is well established that the House must rely on the judgment and discretion of the Chair. In this instance the Chair has, I suggest, to take into account the relative numerical importance, if I may use that word, of the different groups in the House and also the number of Members from each of the various groups who have already taken part in the debate.

As has been pointed out by the Solicitor General (Mr. MacNaught), five members have taken part in the debate from the Government side, five from the Official Opposition, and six from the other groups—according to my own figures, and subject to correction. However, I am prepared to accept the statistics put forward by the Solicitor General—six from the Government, six from the official opposition, and two from each of the other three parties. In the circumstances I suggest it is not unfair for the House to recognize at this point the hon. Member for York-Scarborough.

There is now a motion before the House. The hon. Member for Timiskaming (Mr. Peters) moves that the hon. Member for Timmins (Mr. Martin) be now heard. Is there a seconder for this motion?

Mr. Howard: I gladly accept the invitation.

The house divided on the motion (Mr. Peters) which was negatived on the following division:

YEAS

Messrs:

Beaulé	Marcoux
Boutin	Martin (Timmins)
Caouette	Mather
Gauthier	Patterson
Grégoire	Peters
Howard	Plourde
Knowles	Prittie
Langlois	Rondeau
Laprise	Saltsman
Leboe	Webster
Lessard (Lake St. John)	Winch—22.

NAYS

Messrs:

Addison	Clancy
Aiken	Côté (Longueuil)
Alkenbrack	Cowan
Armstrong	Crossman
Asselin (Notre Dame de Grâce)	Crouse
Badanai	Cyr
Balcer	Danforth
Basford	Davis
Béchard	Deachman
Bell	Deschatelets
Benson	Diefenbaker
Bigg	Dinsdale
Boulanger	Doucett
Brown	Émard
Byrne	Enns
Cadieu (Meadow Lake)	Ethier
Cadieux (Terrebonne)	Fairweather
Cantelon	Fane
Cantin	Fleming (Okanagan-Revelstoke)
Cardiff	Flemming (Victoria-Carleton)
Cardin	Forbes
Carter	Foy
Cashin	Godin
Choquette	Gordon
Chrétien	Grafftey
Churchill	

Division

Granger	Monteith
Gray	Moore
Groos	Moreau
Guay	Muir (Lisgar)
Gundlock	Mullally
Habel	Nasserden
Haidasz	Nesbitt
Hales	Nixon
Hays	Noble
Horner (The Battlefords)	Nowlan
Irvine	O'Keefe
Jewett, Miss	Pascoe
Jones, Mrs.	Paul
Jorgenson	Pepin
Kelly	Pilon
Kennedy	Prud'homme
Kindt	Pugh
Klein	Rapp
Konantz, Mrs.	Ricard
Korchinski	Richard
Lachance	Rideout, Mrs.
Laing	Rinfret
Lambert	Rochon
Lamontagne	Rock
Laniel	Rouleau
Laverdière	Ryan
Leduc	Rynard
Legault	Sauvé
Lessard (St. Henry)	Simpson
Loiselle	Smallwood
Loney	Smith
Macaluso	Southam
Macdonald	Starr
MacEwan	Stefanson
MacInnis	Stenson
Mackasey	Stewart
MacLean (Queens)	Tardif
MacNaught	Temple
Macquarrie	Thomas
MacRae	Tucker
McIlraith	Vincent
McIntosh	Walker
McMillan	Watson (Assiniboia)
McNulty	Webb
McWilliam	Whelan
Mandziuk	Willoughby
Matheson	Winkler
Matte	Woolliams—148.
Mitchell	

• (9:00 p.m.)

During the taking of the vote:

Mr. Deputy Speaker: Order, please. The hon. Member for Halifax (Mr. Regan) and the hon. Member for Châteauguay-Huntingdon-Laprairie (Mr. Watson) should retire.

• (9:10 p.m.)

After the taking of the vote:

Mr. Deputy Speaker: I declare the motion lost.

Mr. Pennell: Mr. Speaker, I was paired. Had I voted I would have voted against the motion.

Mr. Lloyd: Mr. Speaker, I was paired. Had I voted I would have voted against the motion.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I wish to raise a question of privilege concerning an incident which occurred immediately before the vote and which has occurred in the past as shown by the facts.

Before every vote, the Liberal and Conservative party whips usually wait outside the chamber until they can gather all the members of their party. Then they walk in together through the central door and proceed to the table, so as to indicate that the time has come to take the vote.

But we have noticed that when the Liberal and Conservative parties vote the same way then both whips agree to enter the chamber without notifying the whips or the representatives of the third parties.

Here is my question of privilege: members of third parties are at a serious disadvantage because, unlike the two main parties, they cannot decide when all their members are in the house.

A similar situation occurred about a month ago. We were then told by the Liberal whip that, in future, he would wait until he had heard from us before entering the house. Now, I find that this did not take place this evening and that is why I am asking Your Honour to lay down a rule or determine the practice to be followed in such a case. Is the time when a vote is to begin to be determined by the whips of the two main parties? If such be the case, should not the whip of the official opposition also consult the whips of the smaller parties? In my opinion, sir, it would be a good thing if you were to rule on that matter tonight.

[*Text*]

Mr. Deputy Speaker: Order, please. The hon. Member cannot, of course, ask questions of the Chair. I can assure him that the matter he has just raised, in respect of which he has suggested there is a question of privilege, although it was not followed by a motion, will be taken into consideration by Mr. Speaker.

I recognize the hon. Member for York-Scarborough.

Mr. Moreau: Mr. Speaker,—

Mr. Martin (Timmins): Mr. Speaker, I rise on a point of order. I should like to know whether, under this new set of rules established by this coalition between the Liberals and the Conservatives, in applying this rule fairly the hon. Member for Three Rivers (Mr. Balcer) will be allowed to speak only once in every 265 times.

Mr. Deputy Speaker: Order, please. I am sure the hon. Member will realize that there

has been a vote in this House and the question has been decided in support of the Chair. I now recognize the hon. Member for York-Scarborough.

Some hon. Members: Hear, hear.

[*Translation*]

Mr. Caouette: Mr. Speaker, I rise on a point of order.

Some hon. Members: Order.

Mr. Caouette: Mr. Speaker, I rise on a point of order. When the question was put earlier, some hon. members, for instance the hon. member for Cochrane (Mr. Habel), took the liberty of coming into the house when the vote was in progress—

Mr. Habel: That is not true.

Mr. Caouette: I hear the hon. member say that it is not true, but it is and we were witnesses—

Mr. Deputy Speaker: Order. Would the hon. member for Villeneuve resume his seat?

The point of order which the hon. member wishes to put before the Chair is based on the fact that some hon. members entered the house after the question was put. I should like to point out to the hon. member that he is wrong, for no hon. member entered after that.

Mr. Caouette: Mr. Speaker, you may not have seen the hon. member enter the house, but we have seen him and we have witnesses to prove it.

Now, if we must appeal your ruling, we are prepared to do so and ask the house to vote on it.

On another matter, we should like to point out that there are still some difficulties in regard to making the list of those who will want to take part in the debate on the budget—

Mr. Deputy Speaker: Order. The matter was decided by the house and the hon. member cannot discuss it, especially since a vote was taken and the house decided to give the floor to the hon. member for York-Scarborough (Mr. Moreau).

Mr. Caouette: Mr. Speaker, the hon. member entered the house after the question was put.

Mr. Deputy Speaker: Order. The hon. member must recognize that a vote was taken and that the house decided to give the floor to the hon. member for York-Scarborough (Mr. Moreau). That is not a ruling of the Chair, but of the house which recognized the right of the hon. member for York-Scarborough to take the floor.

As regards the matter raised a while ago by the hon. member for Villeneuve, it is not impossible that an hon. member may have entered the house without being seen by the Chair, but in any case, the Chair has followed the provisions of standing order No. 12 which provides that no hon. member must enter the house when Mr. Speaker is putting a question. To my knowledge, no hon. member entered the house at that moment.

Therefore, I ask the hon. member for Villeneuve to co-operate so that the decision of the house may be carried out and so that the hon. member for York-Scarborough may make his remarks.

Mr. Caouette: Mr. Speaker, it is merely—

Mr. Deputy Speaker: Order. Is the hon. member for Villeneuve rising again on a point of order?

Mr. Caouette: It is the same point of order, because I want to co-operate with Your Honour. However, I maintain that an hon. member has entered the house after you had put the question. And if we must vote on this matter, we are going to ask for it.

Mr. Deputy Speaker: Order. The point of order of the hon. member for Villeneuve does not cancel the vote which was taken a while ago.

In fact, the house did vote, and to maintain order in the house, I suggest that all members co-operate with the Chair and allow the hon. member for York-Scarborough to proceed with his remarks.

Mr. Langlois: Mr. Speaker, on the same point of order—

Mr. Deputy Speaker: Order. A ruling has been made to the effect that the point of order was not justified and giving the floor to the hon. member for York-Scarborough.

Mr. Langlois: Mr. Speaker—

Mr. Deputy Speaker: If the hon. member for Mégantic wishes to rise on another point of order, I will listen to him.

Mr. Langlois: Mr. Speaker, it is an altogether different point of order.

Not only have we seen the hon. member mentioned by the hon. member for Villeneuve coming into the house but a minister, who should set the example, did the same

thing. We have seen the Minister of Agriculture (Mr. Hays) come in when both whips had already taken their seats to vote.

If the government wants the co-operation of the house, it should start by setting an example.

[*Text*]

Mr. M. J. Moreau (York-Scarborough): Mr. Speaker, I welcome the hard won opportunity to speak.

Some hon. Members: Hear, hear.

Mr. Moreau: As everyone in this House will appreciate, there are not many opportunities for a Government Member to speak in this Chamber, and there are some proposals in the budget about which I feel rather keenly.

Mr. Speaker, I am one of those individuals, like most Canadians, who did not get everything I wanted in the budget presented by the Minister of Finance (Mr. Gordon), but like most Canadians I am appreciative of the circumstances—

Mr. Peters: You are not speaking loudly enough. I cannot hear you.

Mr. Deputy Speaker: Order, please. Let me remind hon. Members, including the hon. Member for Timiskaming, that we should give the hon. Member for York-Scarborough an opportunity of being heard.

Mr. Peters: He is not speaking sufficiently loud, and we are having difficulty hearing him.

Mr. Moreau: Mr. Speaker, I am appreciative of the circumstances and the difficulties with which the Minister of Finance has been faced. I think he should be complimented for the excellent job he has been doing, which was so clearly indicated by his budget speech on Monday last and again by his speech today.

• (9:20 p.m.)

It should be pointed out that in spite of considerable increases in social spending and increased tax sharing arrangements with the Provinces, he has managed to bring order and control to our fiscal accounts. This is in considerable contrast to the record of recent years.

There were two areas of particular interest to me, Mr. Speaker, that dealing with the Canada Development Corporation and that dealing with the publications legislation. These relate directly to the problem of foreign ownership and control and affect the long-term interests of all Canadians.

For some years now many Canadians have been increasingly concerned about the degree of foreign ownership in our country. Thoughtful Canadians are concerned not for reasons of narrow nationalism or anti-American sentiment, but because we wonder whether our continued political independence is possible if we allow the key sectors of our economy to fall into the hands of non-residents.

I have no quarrel, Mr. Speaker, with those who argue that American investment has been beneficial to our country and has financed the development of our resources or that this has improved our standard of living. These arguments are undeniable and are the positive effects of foreign capital. We must remember too that we are a young country, a large and only semi-developed nation, and that we require and will continue to require a great deal of development capital to build our communities and industries and to develop our natural resources. What we must consider are the other aspects of foreign capital, the long term effects on our ability to manage and decide our own affairs, the kind of capital we are importing, where and how it is being invested and whether any regulation is desirable or even possible.

It is disquieting to me to realize that some of the key sectors of our economy already are under predominantly foreign control, not because these companies have not on the whole acted as good citizens but because the investment has been concentrated and uneven and has occurred in the most vital and dynamic sectors of our economy. Statistics, for instance, revealing that 45 per cent of manufacturing is controlled by non-residents do not begin to tell the whole story when we realize the key industry in manufacturing, the automotive industry, is almost entirely foreign owned and controlled. There are many other examples of this kind of concentration in the most dynamic and fastest growing industries in our economy, but the problem is particularly more acute if we note that the investment by non-residents has also been concentrated in the hands of American citizens rather than being spread among the nationals of many countries. This being so, it is not difficult to visualize circumstances where the policies of these companies may not be in the best interests of Canadians. If the investments were spread more evenly throughout our economy and distributed among nationals of several countries, the danger of one foreign country's policies adversely affecting Canadians would be minimized. I should point out that Canadian

interests may even be affected without deliberate intent, but as a consequence of policy changes in another country.

I do not intend to go into all the ramifications of foreign ownership and the advantages a subsidiary firm has over Canadian competitors, what policies they may have that affect our import-export problem, United States taxation policies and so on. Many of these have been outlined by a variety of authors and economists during the past few years, the most notable of which was the report of the Royal Commission on Canada's Economic Prospects. I should point out, however, that the parent-subsidiary operation has not given us the most efficient structure in our economy. For instance, we have eight or nine basic chemical industries producing petrochemicals in our country when perhaps two or three at the most would have provided sufficient competition in our own economy and would have made us more competitive in the international market.

Whether or not foreign controlled industries have acted as good citizens, Canadians must weigh the consequences of continued investment by non-residents in the most dynamic sectors of the economy. We must consider, not necessarily what has been but what could be if this trend is allowed to continue, whether our political survival would be possible if our communications media, our financial institutions and the most important industries were all foreign controlled. I happen to believe that here in Canada, through our own political institutions and given our human and natural resources, we can build a society which will be the envy of the world, even the envy of our American friends. I believe also that most Canadians would agree with me, and in fact *Maclean's* magazine of last June 6 reported on a survey which indicated that 74 per cent of Canadians were in favour of restricting United States take-overs.

Therefore we must not repeat the mistakes of the past, and while foreign investment in the post-war period did provide a base for our high rate of expansion in the '50's, we must make some adjustments to finance the high level of expansion which is expected in the late 1960's and the 1970's. This period of great expansion was predicted by the Royal Commission on Canada's Economic Prospects and has been confirmed by the first report of the Economic Council of Canada. It is clear that large amounts of investment capital will continue to be required in Canada for some years, but our past experience indicates that we must devise new ways to utilize existing pools of capital in our economy, must encourage Canadians to participate more fully in the ownership of our industries and must obtain what foreign capital is required more in debenture form rather than in equity investment.

Our present Minister of Finance (Mr. Gordon) has already taken steps to restrict the equity ownership of our financial institutions and has, through an adjustment on withholding taxes on dividends, given incentives to subsidiaries of foreign owned companies to make their shares available to Canadian residents. We have also broadened the investment powers of some of our financial institutions such as trust and insurance companies who control very large pools of capital in our country.

We have in the present budget proposals a further important step in the Canada Development Corporation. This Corporation is designed primarily to encourage Canadians to participate in the ownership and development of our fast growing economy. The Minister of Finance has indicated that the Canada Development Corporation would have two essential aims: First, to prevent take-overs of existing Canadian concerns either permanently or temporarily until suitable resident ownership can be found and, second, to provide a pool of investment capital to finance new, large scale developments or at least share in these developments with other investment companies. I would add a third objective, that of the substitution of foreign debt capital for foreign equity capital by debenture borrowing if necessary in foreign money markets. I would hope that in setting up the powers of the corporation this would not be overlooked.

We can all recall some notable examples of the take-over situation and the public outcrys which resulted. Some recent examples were Canadian Oil and Labatt Breweries. In most cases, if not all, there was not a Canadian management group who could assemble the necessary finances in the time available to compete with a well timed and well executed take-over bid by a foreign controlled company.

We can also recall some startling and major developments in our resource industries where insufficient capital was available in Canada to finance these industries into production. There were also other considerations but the major limitation was the lack of capital.

Mr. Bigg: Would the hon. Member permit a question?

Mr. Moreau: I do not have much time and I hope to finish before the vote.

Mr. Bigg: I would not want to interrupt the reading of your speech.

• (9:30 p.m.)

Mr. Moreau: This was apparent in the potash industry in Saskatchewan, the iron ore mines of Labrador and the tar sands in Alberta. In some cases, Mr. Speaker, the discoveries and initiative were provided by Canadians who had to turn to the United States for development capital. This capital was not provided as loans but came in the form of equity investment and control of the industries involved. It is important to note here that the so-called American know-how was really provided by Canadians in many of these industries.

This, then, is the role which I anticipate this Canada Development Corporation will fulfil and which it is intended to fulfil. We must, therefore, now consider carefully the mechanism which will allow it to succeed in fulfilling its intended role. If it is to succeed in preventing a take-over, it must have the confidence and support of the business community, otherwise the directors would not have the intimate and prior knowledge required to act in time. It is therefore essential that the directors be appointed from among our top financial and business leaders. Also, it would not be desirable to have too great a degree of Government participation and control. There are additional reasons for limiting Government participation, which I shall go into further, but certainly the 10 per cent Government participation outlined by the Minister of Finance (Mr. Gordon) should dispel any fears of massive Government intrusion into business, or back-door socialism.

Another consideration is the size of the fund and how best to encourage Canadians from all walks of life to participate. It must have sufficient funds to undertake the largest of new developments or the take-over of the largest size corporations, either on its own or in partnership with one or more existing financial groups. A billion dollars would seem to be adequate capitalization, provided the Corporation is given the power to borrow debenture money. Provision should also be made in the capitalization for bond issues with convertibility provisions or for bonds with common share rights, subject to the decision of the directors. This could be used also to encourage investment by many of our citizens who like some guaranteed returns, or who by reason of age or circumstances may not feel that the common shares would meet their particular needs. I feel also that while the shares should be available to institutional buyers such as insurance companies, pension trusts and so on, the first offerings should be made to individuals on the broadest base possible. We should, for instance, make provision for purchase by payroll deductions much in the same way that Canada Savings Bonds are offered.

I believe thousands of Canadians will welcome the opportunity to invest in our country, particularly if they feel confident that they are investing in a Corporation which has a solid base and good sponsorship. The decision to sell Polymer to the Canada Development Corporation was a good one, in that it provides a sound base for the Canada Development Corporation and it is in the best interests of Polymer. I am sure that progressive management of that Crown Company will welcome this proposal. They will be able to participate in secondary manufacturing ventures arising out of the petrochemical industry, if desirable, without the criticism that there is Government intrusion into business, and the move will also enable them to play a more aggressive part in setting up subsidiaries internationally.

Although, Mr. Speaker, the Canada Development Corporation should not become a depository for troublesome Crown Corporations, I hope the Government and the directors of the Corporation will look carefully at some other Crown Corporations. The Government should consider whether the best interests of these Crown Companies might not be better served by dissociating them from the Government. The directors would then have to consider whether they were a good investment, and would make the decision as to the advisability of buying.

I suggest that Eldorado is in this position, and with an improved outlook for uranium the longer term outlook of the company and the community involved must be considered. Under Government control, the company is seriously limited in its exploration efforts and in its attempts to obtain production contracts in competition with other producers. Without markets and an aggressive exploration program, the company and the dependant community are doomed.

We should consider also the sale of Air Canada to the Canada Development Corpora-

tion if they could also purchase C.P.A. Canada's best interests would be better served by one air line, and certainly the job of the Minister of Transport (Mr. Pickersgill), of formulating an air policy, would be much simplified.

Whatever the result of these and other proposals, the decision to buy must be left with the directors of the Canada Development Corporation. The Corporation, if it is to succeed in encouraging Canadians to participate in our future, must take an investor's view. We must appoint top management people to the Board of Directors and they must have the freedom to work in close co-operation with existing investment companies and financial institutions. We should encourage also the Canada Development Corporation to even participate with foreign owned companies who may have taken the initiative in a development project.

The Canada Development Corporation could also take on the role of placing, over a period of time with Canadian buyers, shares of a foreign controlled company who desired to qualify under the 25 per cent Canadian ownership provisions. Many business leaders have felt that stock issues from some of these subsidiaries would be too large to place in Canada, although the experience of Union Carbide would seem to dispel these fears.

The Canada Development Corporation could also play an important role in establishing those cornerstone industries which provide a base for many secondary manufacturers, such as was done with Polymer when it was first organized. This could be done in co-operation with several smaller competing companies who could collaborate in setting up the basic industry. In many cases a catalyst or focal organization is needed to bring them together, and who may further provide an outside and disinterested balancing force. They could also, through the co-operative enterprise, support basic research on a scale not possible individually and in a way which might allow them to compete more effectively with United States concerns.

These then, Mr. Speaker, are some of the aims and objectives which the Canada Development Corporation would have. I hope that the broadest powers are given to this Corporation so that these and other even more imaginative roles might be fulfilled. I believe thousands of Canadians will take the opportunity to share in our future growth, particularly if it is pointed out that much of the capital used in takeovers and development enterprises by foreign owners has been provided by profits from Canadian operations. The initial relatively modest investments have, in many cases, grown tremendously with our economy. We are entering a period of very rapid growth and Canadians must not find that the ship of opportunity has sailed again without them.

The second area of the budget that relates to the foreign ownership of periodicals and newspapers is of concern to me. I welcomed the announcement that ownership of newspapers would be limited to Canadians. I regret those arguments which intimate that we are in any way impinging on freedom of the press. On the contrary, we are insuring a free press, a Canadian press, able to reflect Canadian viewpoints on current policies and issues of the day. The proper time to act—

Mr. Fisher: What about *Time* and *Reader's Digest*?

Mr. Moreau: —is before we are faced with a *fait accompli*. We have seen the difficulty in applying so-called retroactive legislation in the case of *Time* and *Reader's Digest*, and I welcome the timeliness of this action on newspapers.

On the subject of *Time* and *Reader's Digest*—

Mr. Fairweather: Will the hon. Member permit a question?

Mr. Moreau: On the subject of *Time* and *Reader's Digest*—

Mr. Fairweather: Will the hon. Member permit a question?

Mr. Moreau: No, I have not the time. I had hoped some distinction would be drawn between these foreign controlled periodicals and Canadian publications. I have, however, some hope remaining that something will be done, and I am encouraged by the sentence in the budget speech which reads:

> The question of subsidized postal rates now enjoyed by the Canadian editions of non-Canadian periodicals will be studied as part of a general review of postal rates.

• (9:40 p.m.)

I am not aware of what will be done but I consider it significant that that sentence is there and I hope the Minister of Finance will not let me down in that respect.

It seems to me there is an omission in this proposal in that no mention is made of disallowing advertising expenses incurred by placing ads on border T.V. and radio stations. If the principle of disallowing advertising in foreign periodicals is valid, and I agree it

is, then I consider it is equally valid to disallow advertising on border T.V. stations such as Bellingham, Pembina, Buffalo and Detroit. This action, in my opinion, would increase the total advertising pool available for Canadian media, and for those who argue that such stations could not survive without this advertising, I say let us license our own Canadian stations and stop supporting stations which have been set up to circumvent the provisions of our Broadcasting Act.

There were a number of other proposals which I feel are also of great importance. There were changes dealing with incentives for scientific research, and proposals concerning water pollution. Both these areas have long-term significance to all Canadians. I consider science and technology are really our new frontier and the areas in which large scale developments are most likely to occur. Time does not permit me to outline my views on the need for a greater Government role in basic scientific and industrial research. I hope, however, I shall be given an opportunity to discuss these important matters before too long, if people on the other side are a little more co-operative in affording speaking time to Members on this side of the House.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, this is a wait and see budget. Canada's financial position and our economy only move forward when everything possible is done to improve the health of Federal-Provincial relations. Yet we are told to wait and see if questions relating to our constitution and Federal-Provincial affairs will merely disappear while the Government stands by, and goes from crisis to crisis when action is needed.

The Government must immediately convene a national conference to study our constitution. An all-party parliamentary committee should meet with similar bodies in every province. The result will be a modern constitution suitable to modern times, a made-in-Canada constitution.

We are told to wait and see if the war on poverty will begin by itself. Those in the higher income brackets are given a $600 a year tax reduction, while those in the lower income brackets are mostly given a reduction amounting to a couple of cups of coffee a week. The Government ignores the question of price stability, and tells us to wait and see if problems involving inflation and automation pass away, while millions of Canadians, living in grinding poverty, are obliged to pay higher prices on shrinking incomes. We are told to wait and see if some stroke of magic—

Mr. Speaker: Order. It being nine o'clock, pursuant to standing order 58(5) I am obliged to interrupt the proceedings and forthwith put the question on any amendment before the House.

The House divided on the amendment (Mr. Nowlan) which was negatived on the following division:

• (9:50 p.m.)

YEAS

Messrs:

Aiken	Macquarrie
Alkenbrack	McBain
Beaulé	McCutcheon
Bell	McIntosh
Bigg	Madill
Boutin	Mandziuk
Cadieu (Meadow Lake)	Martin (Timmins)
Cantelon	Mather
Caouette	Millar
Cardiff	Monteith
Chatterton	Moore
Churchill	More
Clancy	Muir (Cape Breton
Crouse	North and Victoria)
Danforth	Muir (Lisgar)
Diefenbaker	Nasserden
Dinsdale	Nesbitt
Doucett	Nielsen
Enns	Noble
Fane	Nowlan
Fisher	Nugent
Fleming (Okanagan-	Ormiston
Revelstoke)	Pascoe
Forbes	Peters
Gauthier	Pigeon
Grafftey	Plourde
Grégoire	Prittie
Gundlock	Pugh
Hales	Rapp
Hamilton	Ricard
Harkness	Rondeau
Horner (Acadia)	Rynard
Horner (Jasper-Edson)	Saltsman
Horner (The Battlefords)	Simpson
Howard	Skoreyko
Howe (Hamilton South)	Smallwood
Howe (Wellington-	Smith
Huron)	Southam
Irvine	Starr
Jones, Mrs.	Stefanson
Jorgenson	Stenson
Kennedy	Thomas
Kindt	Valade
Knowles	Vincent
Korchinski	Watson (Assiniboia)
Lambert	Webb
Langlois	Webster
Laprise	Willoughby
Loney	Winch
MacEwan	Winkler
MacInnis	Woolliams—100.
MacLean (Queens)	

NAYS

Messrs:

Addison	Lamoureux
Armstrong	Laniel
Asselin (Notre Dame de Grâce)	Laverdière
Asselin (Richmond-Wolfe)	Leblanc
Badanai	Leboe
Balcer	Leduc
Basford	Legault
Béchard	Lessard (Lake St. John)
Beer	Lessard (St. Henry)
Benidickson	Lloyd
Benson	Loiselle
Boulanger	Macaluso
Brown	Macdonald
Byrne	MacEachen
Cadieux (Terrebonne)	Mackasey
Cantin	MacNaught
Cardin	McIlraith
Carter	McMillan
Cashin	McNulty
Chapdelaine	McWilliam
Choquette	Marcoux
Chrétien	Matheson
Côté (Longueuil)	Matte
Cowan	Mitchell
Crossman	Moreau
Cyr	Mullally
Davis	Nicholson
Deachman	Nixon
Deschatelets	O'Keefe
Drury	Olson
Émard	Patterson
Ethier	Paul
Eudes	Pearson
Favreau	Pennell
Forest	Pepin
Foy	Pickersgill
Francis	Pilon
Godin	Prud'homme
Gordon	Regan
Granger	Richard
Gray	Rideout, Mrs.
Groos	Rinfret
Guay	Rochon
Habel	Rock
Haidasz	Rouleau
Hays	Ryan
Hellyer	Sauvé
Honey	Stewart
Jewett, Miss	Tardif
Kelly	Teillet
Klein	Temple
Konantz, Mrs.	Thompson
Lachance	Tucker
Laing	Walker
Lamontagne	Watson (Châteauguay-Huntingdon-Laprairie)
	Whelan—111.

Mr. Speaker: I declare the amendment lost.

[*Translation*]

Mr. Martineau: Mr. Speaker, I was paired with the Secretary of State for External Affairs (Mr. Martin); had I voted, I would have voted in favour of the amendment.

[*Text*]

Mr. Flemming (Victoria-Carleton): I was paired with the Minister of Fisheries (Mr. Robichaud). Had I voted, I would have voted for the amendment.

Mr. MacRae: I was paired with the hon. Member for Restigouche-Madawaska (Mr. Dubé). Had I voted, I would have voted for the amendment.

Mr. Baldwin: I was paired with the hon. Member for St. Paul's (Mr. Wahn). Had I voted, I would have voted for the amendment.

Mr. Fairweather: I was paired with the hon. Member for Charlotte (Mr. MacLean). Had I voted, I would have voted for the amendment.

Mr. Grafftey: May I call it ten o'clock, Mr. Speaker?

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, we will continue the budget debate tomorrow.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Provisional Standing Order 39A deemed to have been moved.

PUBLIC SERVICE—SUPERANNUATED FEDERAL EMPLOYEES—REQUEST FOR INCREASED PENSIONS

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, on the orders for the day this afternoon I directed a question to the Prime Minister (Mr. Pearson) based on the protest made last week by Mr. Claude Edwards, President of the Civil Service Federation of Canada, with respect to the decision of the Government to take no action in the matter of increasing the pensions of civil servants already retired. I regret that the answer given by the Prime Minister this afternoon was one of the two answers which the Liberals have given to this question over the years. Those two answers are as follows: Either the Government says it will consider the matter, or it says it has considered the matter and cannot do anything about it. Today we get the second answer. Many of us do not think this is good enough, and I join in the protest registered by Mr. Edwards which he has made not only on behalf of the Civil Service Federation of Canada but particularly on behalf of our superannuated civil servants.

• (10:20 p.m.)

By coincidence, question No. 176 on the Order Paper in my name was answered

today, and the answer will be found in today's *Hansard*. It gives the numbers of retired civil servants and of the widows of retired civil servants drawing pensions of various amounts. If anyone will look at the answer given to question No. 176 he will discover, as I indicated on Orders of the Day today, that more than 5,000 retired civil servants are drawing pensions of less than $50 a month, and likewise more than 5,000 widows of retired civil servants are drawing pensions of less than $50 a month.

We feel that something should be done to increase these pensions. As a matter of fact, pensions of even higher orders should be increased and I remind the Government, as I have done on several previous occasions, that at long last, by making the provision in the Canada Pension Plan, it has accepted the principle that pensions, after they have been put in pay, should be adjusted if the cost of living goes up. In that case it will apply both to the benefit under the Canada Pension Plan and to old age security. I submit if that principle has been accepted by the Government, then it ought to apply it to its own employees.

Mr. Groos: Hear, hear.

Mr. Knowles: I welcome the applause given by the hon. Member for Victoria (B.C.) (Mr. Groos), and I was able to commend him this afternoon on the speech on this subject which he made during the Debate on the Reply to the Speech from the Throne. I only hope the Government will pay attention to the voices raised on behalf of the retired civil servants by the various parties in the house including, in this instance, a Liberal spokesman.

I draw attention to the words of Mr. Edwards in his recent letter to the Prime Minister, when he said:

> In other words, unlike the governments of the United Kingdom and the United States, which have legislated to provide for regular adjustments of civil service pensions to compensate for cost of living increases, your government apparently cannot see that it has a similar responsibility in its role as an employer.
>
> It seems to us, however, that the Government becomes acutely aware of its role as an employer when it comes time to discuss salary revisions for its employees.

This, Mr. Speaker, is a case that surely should not have to be argued in the House of Commons, because some of us have been arguing it for two decades or more. But the need is still there. Justice still calls for these faithful servants of the Federal Government to be recognized as having made their contribution, and to be recognized as deserving of an opportunity to bridge the gap between their pensions and rising costs after they retire.

I realize that in the last 12 months or so there have been two full rounds of considering this matter and reviewing it, but in view of the heightening of the problem, in view of the increasing number of people who believe these pensioners are justified in what they are seeking, and in view of the fact that the Government itself has broken the dam so far as pensions are concerned by declaring that pensions, once put in pay, should be adjusted as the cost of living goes up, I ask the Government will it not now reconsider its position and give to its own retired employees the benefit of the justice they really deserve?

Mr. Jack Davis (Parliamentary Secretary to Prime Minister): Mr. Speaker, in the three minutes available to me I would like to summarize the arguments, some of which were given this afternoon by the Prime Minister (Mr. Pearson), and others which I have organized myself.

The great majority of the 5,000 retired civil servants and of the 5,000 widows of retired civil servants to whom the hon. Member referred are receiving, in addition to pensions as retired civil servants, old age security pensions of $75 a month. This benefit they receive in the same manner as other Canadians over age 70.

Since this Government came to power Parliament has increased the old age security benefit by $10 a month, and this has benefited the majority of these retired civil servants.

Provision has also been made to reduce progressively the age of eligibility for old age security, beginning January 1 next. This will affect beneficially those retired civil servants who have retired on small pensions and have not yet reached the age of 70.

I would also like to refer to the fact that both the Canada Pension Plan benefits and old age security payments will now and for the future be tied to the cost of living index, and therefore the matter of inflation will be looked after.

I should also like to throw some light on the reasons for the large number of small pensions to which the hon. Member referred. These smaller amounts arise from the fact that the employees concerned have worked a relatively short period of time. Pension benefits, as is well known, vary with length

of service, and where the period of Government service has been relatively short it is hardly to be expected that the pension benefits will be comparable to those which longer term employees might properly expect to receive.

I repeat again what the Prime Minister stated this afternoon on the question of pension adjustments in relation to increased living costs and reduced purchasing power. The Government wishes to do everything it possibly can to improve the lot of all retired civil servants. However, it has an equal responsibility to all Canadians, and it does not believe that it should discriminate in this matter in favour of its retired civil servants over other retired persons in similar circumstances. In effect, the hon. Member's argument is that retired civil servants should be treated differently from the rest of the population.

INDUSTRY—DIRECT PURCHASE OF AUTOMOBILES FOR MOUNTED POLICE

Hon. W. G. Dinsdale (Brandon-Souris): The subject I wish to discuss in the brief time at my disposal was placed on the agenda in a slightly different form on a previous occasion. I refer to what was said by my hon. friend from Wellington South (Mr. Hales) who drew attention to some pertinent points last Thursday evening, I believe it was. At that time the Minister of Industry was not in the House, and for this reason the discussion came to a somewhat unsatisfactory conclusion. However, the Minister is with us tonight and I hope we may be able to come to grips with this issue and deal with some of the problems arising from the new Government policy on the central purchasing of automobiles, other than military vehicles.

The point which concerns me at the moment is the recent purchase of 127 vehicles from the Ford Motor Company. This contract was originally won by the Chrysler Corporation, but because a strike was taking place in its plant at the time, it was offered to the Ford Motor Company. The price, as I understand it, was a remarkably low price per unit. I am particularly concerned with the unit cost price and perhaps the Minister can provide us with information on this subject when he replies.

There is another aspect of this central purchasing procedure which seems to have been overlooked by the Government. It is this. It automatically puts the Government of Canada, through Crown Assets Corporation, into the used car merchandising business. Already I have received from my Province complaints that the R.C.M.P., for whom the vehicles were purchased, are offering used automobiles for sale. Other Members of Parliament from Manitoba have received similar complaints. This situation presents many difficulties. First of all it leads to the breaking of the agreement undertaken by every dealer franchised by the manufacturer concerned. Even worse, from the standpoint of dealers operating in the Province of Manitoba, it breaks the law of the Province concerning the merchandising of used cars.

• (10:30 p.m.)

Section 12 of the Manitoba Highway Traffic Act says:

> No person shall carry on business as dealer or wrecker unless he is the permittee named in a valid and subsisting permit for the purpose issued to him by the registrar, and has paid the fee therefor prescribed in Schedule A.

I want to make it clear that I am not against central purchasing. Indeed, I think that the plan which was initiated about three or four years ago is the ideal approach to this problem. It makes it possible for the Government to have central purchasing to the extent that the manufacturing companies concerned—and this only involved the Big Three—were able to process the tenders, and each one of the three in turn submitted the lowest tender on the purchase of vehicles to the Government. It was done on this basis because it was appreciated that an important part of the sale of an automobile is the warranty, and the servicing which goes on after the sale has been completed. With the expanded warranties and with the improved guarantees this is all the more important at the present time.

So we have this further difficulty. The Government, it would seem, is now purchasing direct from the manufacturers. The franchised dealers are being bypassed, in contravention of the agreement they have with their manufacturers. In my Province at least it places the Government of Canada in the used car business, which is contrary to the Manitoba Highway Traffic Act.

Mr. Hales: Without a licence.

Mr. Dinsdale: Yes, without a licence. I do not see how the Government of Canada could be issued a licence, either, because the same section of the Act says that the registrar can use his discretion in determining the issuance thereof.

Mr. Winch: How do you dispose of the used car?

Mr. Dinsdale: The dealer does.

There is one other aspect of the matter, and I want to give the Minister sufficient time to reply. The Ford Motor Company, the Company concerned in this particular sale of 127 cars to the R.C.M.P., is in the process of transferring all its purchasing operation to the Detroit factory. That means that the Government will be dealing direct with a United States company. For the life of me I cannot see how this is being fair to the company itself. I am sure that Ford of Canada is anxious to live up to the obligations which it assumes in this very precise statement in the dealer agreement, a copy of which I have in my hand; but obviously they are being forced, because of pressure from the Government. This was obvious in this case, where Chrysler originally had the deal and it was turned over to Ford because of the strike in the Chrysler plant. I trust that the Government will return to the plan which I believe was operating successfully before.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, just let me correct what appears to be one small error. A purchase of 127 cars has not been made for the R.C.M.P. Tenders have been called but no contract has been awarded. There have been two earlier tenders called and two earlier contracts awarded. Neither of them was for the number quoted by the hon. gentleman, 127.

The hon. Member has asked what were the unit prices in respect of the 127 vehicles. I can give him the top and bottom prices for the earlier contracts, but not for the 127, as no contract has yet been awarded. In the case of the earlier contracts, which were for the R.C.M.P., for the first 158 vehicles, including 151 sedans and seven station wagons, the prices ranged from $2,209.40 for a two-door sedan delivered at Toronto to $2,865.40 for a four-door station wagon delivered in Nelson, British Columbia.

In a subsequent tender for 171 vehicles, including 155 sedans, nine station wagons and seven half-ton trucks, the range of prices was from $2,172 for a two-door sedan delivered in Toronto to $2,799 for a four-door station wagon delivered in Nelson. In addition there was a half-ton truck, four by four, priced at $3,326. I think that will give an indication of prices.

The new policy has been entered into as a consequence of a recommendation made by the Glassco Commission, that the Government should employ, in its acquisition of motorcars for civil departments the techniques and procedures which have been followed, with great success and at considerable savings to the taxpayer, by the Government for a number of years in respect of the purchase of vehicles for the Department of National Defence.

Mr. Dinsdale: Automobile dealers are also taxpayers.

Mr. Drury: The policy followed in respect of the Department of National Defence has been to call for tenders from motor-car manufacturers direct, we propose to invite them to quote prices giving the places of delivery, including in every case manufacturers' warranties, and including in some cases where the Department of National Defence or other Departments have facilities for light repair and overhaul the normal repair warranty, and where the Department of National Defence has no facility of its own for overhaul or repair, to include dealers' warranties, normally or ordinarily known, as I understand it, by the term "policy"—which means that the dealer undertakes to put and keep a car in good running order, during the initial period, at the expense of the dealer and at no expense to the user. The dealer is reimbursed for this by the manufacturer. So that tenders will be called for deliveries to different locations and involve one of three levels of warranty—a warranty to be carried out by the dealer, who is reimbursed for his expenses in this connection by the manufacturer. These expenses are included in the tender price.

In respect of repairs, at the same time the manufacturer will quote a schedule of repair charges authorized for the dealer making the repairs. These repairs are made on an as-needed basis, according to the schedule of prices. The dealer invoices the manufacturer and the manufacturer in turn invoices the Department concerned. This is a scheme which the hon. Member will see does not eliminate the dealers from the chain of operation.

Mr. Dinsdale: Yes, it does. Who sells the used cars?

Mr. Drury: I did not interrupt the hon. gentleman. Let him keep quiet for a moment or two. The dealer delivers the car and is

paid for it. There is no cost to the dealer who executes the warranty and is, in the ordinary case, reimbursed by the manufacturer. Finally, the dealer does the repairs and invoices the manufacturer, who in turn invoices us.

The Acting Speaker (Mr. Tardif): I regret to interrupt the Minister who is speaking on this very important question, but his time has now expired.

Motion agreed to and the house adjourned at 10.42 p.m.

HOUSE OF COMMONS

Tuesday, May 4, 1965

The house met at 2.30 p.m.

• (2:40 p.m.)

HOUSE OF COMMONS

PRESENCE IN GALLERY OF CANADIAN MOTHER OF THE YEAR

Mr. Lawrence Watson (Assiniboia): Mr. Speaker, I rise on a point of privilege. I should like to draw the attention of hon. Members to the fact that we are honoured today in having in the Speaker's Gallery the Canadian Mother of the Year, Mrs. Henriette Van Der Breggen of Weyburn, Saskatchewan. Mrs. Van Der Breggen was a native of Den Helder, Holland. She is the mother of seven children, two of whom have been adopted since they became Canadian citizens in September, 1964.

BUSINESS OF THE HOUSE

OUTLINE OF BUSINESS TO FOLLOW BUDGET DEBATE

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, as requested yesterday I propose to make a very short announcement of the business of the House following the conclusion of the budget debate. We propose, on completion of the budget debate, on Thursday to call the resolution preceding the decennial revision of the Bank Act. It has been the practice in the past, I am told, that the legislation respecting amendment of the Quebec Savings Bank Act goes along with that, since the legislation does not differ as between the different institutions.

When that is completed, on Friday we propose to call the Senate reform legislation and on Monday to call a supply motion. When the supply motion is called on Monday we will ask the House to consider having ten departments entered rather than the usual six. This, of course, would in no way prejudice the full rights respecting the remaining five supply motions or the length of time used. The purpose is merely to have the departments entered with a view, if it can be worked out, to having the estimates referred to committees for detailed examination.

VETERANS AFFAIRS

TABLING OF REPORT OF ARMY BENEVOLENT FUND

Hon. Roger Teillet (Minister of Veterans Affairs): I should like to table a report received from the Army Benevolent Fund, in English and in French.

Mr. F. J. Bigg (Athabasca): Since I presume the statement being tabled is in reply to a question I asked two months ago, I wonder if the Minister could tell us whether this reinstatement may be taken as an indication that this valuable public servant has been completely exonerated of the suspicions thrown upon his character and his value to this nation.

Mr. Teillet: I think the report speaks for itself.

Mr. Bigg: In connection with my request, I should like the consent of the House to have this statement published in *Hansard*.

Mr. Speaker: Does the House give consent?

Some hon. Members: Agreed.

[*Editor's note: Text of report referred to above is as follows:*]

Army Benevolent Fund

Serious allegations were recently made by a number of individuals concerning the operations of the Army Benevolent Fund. After due consideration, the Army Benevolent Fund Board decided that each allegation should be carefully examined. Since the Office of the Auditor General was currently engaged on a mid-year, or interim, audit of the Fund's records, the Board asked the Auditor General to enlarge the scope of his interim test checks to include an enquiry into the allegations.

In order to facilitate this, the Board decided on February 22, 1965 to relieve the National Secretary of his duties (without loss of emolument) and to appoint an acting office manager for the period of one month required for the enquiry. Arrangements satisfactory to both parties were made during this time for the disposition of the National Secretary's personal effects and mail.

At a meeting of the Board held in Montreal on March 26, 1965, an interim report (pending completion of the audit of the Fund's operations for the full fiscal year which ended March 31, 1965) from the Office of the Auditor General was received and examined. Since this interim report did not disclose any financial irregularities during the period

under review, the National Secretary, who was present at the meeting, was advised by the Board that he was reinstated effective March 26, 1965.

J. GUY GAUVREAU
National Chairman

Montreal, April 29, 1965

ADMINISTRATION OF JUSTICE

ANNOUNCEMENT OF MEMBERS OF SPECIAL COMMITTEE ON CORRECTIONS

Hon. Guy Favreau (Minister of Justice): I have pleasure in announcing the names of the members of the Special Committee on Corrections which was forecast some time ago and mentioned in the Speech from the Throne. The composition of the Committee is as follows: Chairman, Hon. Mr. Justice Roger Ouimet, of the Superior Court of the Province of Quebec, District of Montreal; Vice Chairman, Mr. G. Arthur Martin, Q.C., Toronto. The two other members are Mrs. Dorthey McArton, B.A., of Winnipeg and Mr. W. T. McGrath, B.A., M.S.W., of Ottawa.

Mr. Justice Ouimet has long taken a keen interest in the field of corrections. Mr. Martin is a very well known defence lawyer. Mrs. McArton is the executive director of the Family Bureau of Greater Winnipeg and a graduate in social work. Mr. McGrath, also a graduate in social work, is the executive secretary of the Canadian Corrections Association, a division of the Canadian Welfare Council.

A panel of consultants from the professions and disciplines concerned with corrections is being drawn up, upon whom the committee may call for advice relating to such matters as after care, criminology, custodial institutions, courts, law, parole, police probation, psychiatry, psychology, social work and sociology. It has been decided, however, not to announce the names of this panel or of the members of the secretariat until after consultation with at least the chairman of the committee.

EXTERNAL AFFAIRS

MEETING RESPECTING AGREEMENTS BETWEEN PROVINCES AND FOREIGN STATES

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I would ask the Prime Minister to give the House a statement regarding the meeting—I presume the proper expression under the circumstances would be "summit conference"—between himself and the Premier of Quebec. Is it correct, as was stated in the press, that arrangements were consummated at this meeting and has there been acceptance by the Government of the principle enunciated by Premier Lesage when he stated in reference to the agreement signed February 27 between Quebec and the French government, that a precedent had been set and the Canadian Government did not interfere in any matter concerning this document? Would the Prime Minister be in a position to let the House know the facts?

Right Hon. L. B. Pearson (Prime Minister): Yes, Mr. Speaker. I had the pleasure of meeting with Mr. Lesage and Mr. Gérin-Lajoie last evening and we discussed quite a number of matters of mutual interest including—I mention this because I had mentioned it in the House previously—treaty arrangements within our constitution. There were no decisions reached, Mr. Speaker, and no arrangements in any of these matters consummated, as the press report indicates. The discussions are to be continued within a few days, I hope.

Mr. Diefenbaker: If no arrangements were consummated would the Prime Minister be able to say whether he made it clear to the Premier and Mr. Gérin-Lajoie that only the Federal Government can enter into treaties, ententes, agreements or whatever the expression may be, that in any way concern foreign governments?

Mr. Pearson: Mr. Speaker, the Federal position in this matter has already been made clear to Mr. Lesage and Mr. Gérin-Lajoie through the statement made by the Secretary of State for External Affairs some days ago; and in the discussions last night, which were very friendly indeed, we did not depart from that position.

Mr. Diefenbaker: Well, Mr. Speaker, I was quite surprised that it should have been the foreign affairs minister who made the statement respecting this matter unless in fact there was some recognition of the status of both the federal and provincial governments being in that category. But I ask the Prime Minister this categorical question. Did he make clear to those with whom he met that all agreements, treaties, ententes or accords that are made with foreign countries can only be made by the federal authorities and no one else?

Mr. Pearson: Mr. Speaker, it is perfectly clear and has been made clear to all those interested, including our visitors last night, that no agreement that has international

standing or is accepted in international law can be made except by Canada.

Mr. Diefenbaker: And was it made clear that that applies to education and other matters that fall within the jurisdiction of the provinces?

Mr. Pearson: Mr. Speaker, I have just stated what was made clear.

Some hon. Members: Hear, hear.

Mr. Diefenbaker: That is the second retreat.

• (2:50 p.m.)

Hon. Paul Martineau (Pontiac-Témiscamingue): A supplementary question to the Prime Minister. Could he tell us whether among the questions of mutual interest which were discussed the question of an early Federal election was one?

DOMINICAN REPUBLIC—REQUEST FOR STATEMENT OF CANADIAN POSITION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the Prime Minister whether he has received any information from the Government of the United States as to its intentions, purposes and objectives in the Dominican Republic? Will he also tell us whether any representations have been made by the Canadian Government to the United States to the effect that the people of the Dominican Republic should be given some voice in the selection of whatever individual is to become president there after the United States troops have been withdrawn? May I ask him also whether representations have been made that ex-President Bosch, who was democratically elected in the republic, should be given an opportunity to be chosen by the people of that area to serve again in his former post if they so desire?

Right Hon. L. B. Pearson (Prime Minister): We have made no representations to the United States with respect to the position of ex-President Bosch in this matter, or what should be his position in developments as they occur within the Dominican Republic. Naturally—and I do not think it is necessary for us to tell the United States Government this—we hope that any political arrangements which are made for the restoration of peace and security to the island will be made by and for the people of the Dominican Republic.

We are attempting, naturally, to get all the information we can in regard to this situation, but I have very little to add to what I said yesterday, though additional information and reports have reached us since then. As I emphasized yesterday, these are not conclusive concerning the degree of communist involvement in the fighting in Santo Domingo. However, a number of communists are involved with the insurgents to the best of our information and some have received guerrilla training in communist countries including, I have no doubt, Cuba.

At the same time I should like to make it very clear that we do not at the present time have information which would enable us to arrive at a definite conclusion concerning the direct involvement of communist countries in the Dominican Republic rebellion. However, we are in close consultation through diplomatic channels with all sources of information available to us, including our own embassy there, concerning developments in the Dominican Republic and are striving to get as complete an account as possible.

Mr. Douglas: I am sure the House welcomes the statement by the Prime Minister that we all desire the people of the Dominican Republic to have some voice in deciding on whatever Government is to take over. May I ask the right hon. gentleman whether any representations will be made by the Government of Canada to the United States to make absolutely sure that the people of this island do not again have foisted upon them a military dictatorship such as deposed President Bosch a short time ago?

Mr. Pearson: I can only express a hope that this will be the result of the present unhappy developments in the Dominican Republic. If this should be the outcome then perhaps something of advantage will have resulted to the people of that country.

Mr. R. N. Thompson (Red Deer): I have a related question for the Minister of National Defence. Can the Minister inform us whether reports are true that a Canadian warship has been posted to the Caribbean area? If so, why has it been sent to those waters?

Hon. Paul Hellyer (Minister of National Defence): There was one in the area and it has been ordered to stand by in case it is required.

FINANCE

INQUIRY AS TO NEW CANADA-U.K. TAX AGREEMENT

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): I wonder whether I may direct a

question to the Minister of Finance, notice of which has not been given to him; he may have anticipated it, however, from a news story which appeared in the *Globe and Mail* this morning. If not, I am sure he will take this as notice and reply to my question later.

I should like to ask what progress is being made with respect to the renegotiation of the tax treaty between Canada and the United Kingdom. Would the hon. gentleman also comment on a statement made yesterday in Toronto that in the budget brought down in London the withholding tax is to be 42½ per cent in respect of Canadian corporations which are not protected by the tax treaty?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, the bill that was brought down following the British budget was only made public recently, within the last week or so. It is being studied. I do not think I can give a specific answer to my hon. friend, and I think it would be unwise of me to comment upon the newspaper reports to which he referred.

ROYAL CANADIAN MOUNTED POLICE

QUEBEC—INQUIRY AS TO WOUNDING OF OFFICER

On the orders of the day:

[*Translation*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct my question to the Minister of Justice. I was informed a few minutes ago that, unfortunately, an officer of the R.C.M.P. was wounded at Cowansville, or near Cowansville, in the province of Quebec. Could the minister inform the house on that matter?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I wish to thank the hon. member for giving me notice of his question as soon as he could.

That report reached me only a short time ago. I am informed that on Saturday, May 1, two citizens having found a container near Noyan, handed it over to the authorities of the Quebec provincial police. An instrument of the grenade type and involving detonators was found in the container. On Monday the Quebec provincial police, in turn, informed the local division of the R.C.M.P. about that discovery. Corporal Poirier, a member of the local division of the R.C.M.P., examined the container and during his investigation one of the detonators exploded and he was superficially wounded. He was hospitalized for a short period.

[Mr. Nowlan.]

The circumstances surrounding that discovery are being investigated.

[*Text*]

INDUSTRY

STEPS TO MEET REPORTED STEEL SHORTAGE

On the orders of the day:

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Minister of Industry. Is the Government taking any steps to alleviate the apparent acute steel shortage in Canada? It is my understanding in this regard that the shortage at Stelco and other large steel companies is such that steel has to be rationed to the producers of secondary steel products in Canada.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I think most members of the House will be aware that as a consequence of the threatened steel strike in the United States there has been, both in the United States and Canada, some anticipatory stockpiling. It is hoped that as a result of the tentative settlement of this strike, or at least its deferment, this stockpiling and consequent pressure upon steel supplies will be eased.

FREIGHT RATES

PAYMENT OF WAGE COST IN RESPECT OF FREEZING

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): Mr. Speaker, I should like to ask the Minister of Transport whether he has received the wage bill from the two major railways, in regard to the fact that their freight rate structure is frozen. If he has received it, I would ask what the Government's plans are to do something about seeing that payment is made.

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the Prime Minister did receive a communication some little time ago —I think there was some reference to it in the newspapers—from the Presidents of the two railways, and the matter is under active consideration at the present time.

Mr. Fisher: Is the Government in a position, for example, to table any of the projections that have been given in terms of the size of the labour force and the wage costs, in view of the fact that we expect the railway legislation this session?

Mr. Pickersgill: I think probably it would be better for the Government to reach some

determination about this matter on its own part before communicating anything to the House.

• (3:00 p.m.)

INQUIRY OF THE MINISTRY

On the orders of the day:

Mr. D. W. Groos (Victoria (B.C.)): Mr. Speaker, I have a question for the Minister of Finance. Is the Minister, as guardian of the public purse, consulting with the Minister of Trade and Commerce, who is responsible for arrangements for the 1967 World's Fair, to provide a suitable reward for the public spirited person who blew out the $15,000 gas flame at the World's Fair in Montreal and lighted that 20 cent candle?

Mr. Speaker: I recognize the hon. Member for Royal.

Mr. Fairweather: I have thought better of it, Mr. Speaker.

Some hon. Members: Oh, oh.

HARBOURS

MONTREAL—STEPS TO MAINTAIN WATER LEVEL

On the orders of the day:

[*Translation*]

Hon. Léon Balcer (Three Rivers): Mr. Speaker, I should like to put a question to the Minister of Transport.

Could he tell the house whether his department is considering the advisability of building breakwaters on Lake Saint Peter so as to maintain the water at a reasonable level in Montreal harbour?

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the hon. gentleman was good enough to give me notice of three questions. The restraint shown by the hon. Member for Royal created so much commotion in the House I was not able to determine which of the three questions the hon. Member for Three Rivers was asking. They all relate to the St. Lawrence below Montreal, and particularly to Lake Saint Peter. I may indicate that the whole matter is under study and I will endeavour to make a statement to the House at the earliest opportunity.

ADMINISTRATION OF JUSTICE

SEFKIND BANKRUPTCY—REQUEST FOR REPORT OF TRUSTEE

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I should like to direct a question to the Minister of Justice, asking him whether, with the passage of some two months, he is now in a position to say that the bankruptcy file in respect of the Sefkind brothers, Max and Adolph, who engaged in benevolent furniture transactions, will be made available to the House by tabling them, so we can make an examination of the unique circumstances under which they operated.

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I have already answered quite clearly, I hope, a question asked by the hon. Member for Yukon (Mr. Nielsen) in respect of this subject. I must stand by that answer.

Mr. Diefenbaker: Mr. Speaker, I find it difficult sometimes to understand the Minister of Justice. I am asking him now whether he will produce this document so we may examine it and ascertain the beneficent circumstances under which furniture was furnished to two persons who are now members of the Cabinet. Will that document be produced?

Mr. Favreau: Mr. Speaker, I am very sorry if the right hon. gentleman sometimes finds it difficult to understand me, but I did answer that question quite clearly, it seems to me and to other Members.

Mr. Diefenbaker: Mr. Speaker, I should like to ask the Minister now whether the words "yes" and "no" are not in the Minister's vocabulary. Will this document be produced, or will it be hidden in the way the Minister has hidden other things?

Mr. Favreau: Mr. Speaker, I shall not accept the implication or insinuation that because the law does not allow me to produce a document, I am placed in the position of trying to hide something.

Mr. Erik Nielsen (Yukon): Mr. Speaker, I should like to ask a supplementary question. The Minister has not yet answered a question I directed to him several weeks ago as to whether charges were being considered or had been laid as a result of the report of the trustee to the superintendent. If the document is not to be tabled, will the Minister tell us whether charges have been laid or considered, particularly in view of the fact that the Government of Quebec has not got this or associated companies under investigation?

Mr. Favreau: Mr. Speaker, I do remember having an answer prepared to the question asked by the hon. gentleman for Yukon, but because of the fact that he has not been in this House for the last week or so, I did not

provide the answer. I will, however, provide that answer.

[*Translation*]

Mr. Rémi Paul (Berthier-Maskinongé-Delanaudière): Mr. Speaker, I wish to ask the Minister of Justice a supplementary question.

Could he table at the same time the whole file on the bankruptcy of the McFarlane Construction Company, in Ottawa?

Mr. Favreau: Mr. Speaker, I will be happy to consider the matter.

[*Text*]

Mr. Frank Howard (Skeena): Mr. Speaker, I should also like to direct a question to the Minister of Justice, asking him whether one Andre Durocher has recently joined the staff of his Department.

Mr. Favreau: I will look into that situation, Mr. Speaker.

LABOUR RELATIONS

MARITIME UNION TRUSTEES—REPRESENTATIONS BY UNIONS

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, being an old labouring man myself, I should like to address a question to the Minister of Labour arising out of the picketing on Parliament Hill yesterday by some Members of the S.I.U. who expressed themselves as being very dissatisfied with the action of the trustees, indicating that the S.I.U. was worse now under the trustees than it was under the jurisdiction of Mr. Banks. Did they make representations to the Minister in respect of their complaints and, if not, will that representation of the S.I.U. have an opportunity of appearing before the Industrial Relations Committee to express their dissatisfaction?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, the gentlemen in question did see me briefly yesterday, at which time they did promise to follow up their verbal representations by a written document, which I in turn promised to receive and consider.

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I have a supplementary question. I should like to ask the Minister whether Mr. Justice Dryer will be brought back to the committee, in view of the fact that he refused to give evidence but went back to British Columbia in a huff after stating he would not give evidence before the committee?

[Mr. Favreau.]

AGRICULTURE

DETERMINATION OF CLASSIFICATIONS FOR LIVESTOCK SHOWS

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Agriculture. Can the Minister inform the House whether all the new classifications and categories for livestock shows have been determined? Perhaps the Minister could also indicate the extent to which these will be applicable during the ensuing season, and whether the exhibition boards that will be affected have been notified.

Hon. Harry W. Hays (Minister of Agriculture): Mr. Speaker, in respect of the new classifications, in so far as beef and dairy animals are concerned, I have been advised by most exhibitions in the Prairie Provinces that they will accept the new classifications. I understand that about 80 per cent of the classifications will be accepted in Vancouver. It is also my understanding that the Royal Winter Fair, the Western Fair at London, the Ottawa Winter Fair and some exhibitions in the Maritimes, will accept the new classifications. I might add that the new pilot classification approach in respect of sheep and swine has been accepted by all the Prairie shows. I have not yet heard from the remainder.

Mr. Olson: I have a supplementary question. In respect of those exhibitions or fairs that do not accept the new classifications, will the Federal Government provide prize money on the basis of the old classifications?

Mr. Hays: Yes, Mr. Speaker.

REQUEST FOR INCREASE IN BILINGUAL STAFF OF DEPARTMENT

On the orders of the day:

Mr. Auguste Choquette (Lotbinière): I should like to address my question to the Minister of Agriculture. I should like to ask him if he is aware of the fact that the bilingual staff in his department is not sufficient, and has he any intention of increasing that staff?

Hon. Harry W. Hays (Minister of Agriculture): I will look into this question.

TAKING OF BLOOD SAMPLES FROM ONTARIO DAIRY FARMS

On the orders of the day:

Mr. R. A. Webb (Hastings-Frontenac): I should like to direct my question to the

Right Hon. Prime Minister. In view of the serious implications contained in the answer given by the Minister of Agriculture yesterday, implying that dairy farmers might have some unmentionable contagious disease, could the Prime Minister check with the Department of Health to make clear to the public that there is no danger?

Right Hon. L. B. Pearson (Prime Minister): Not only will I check with the Department of Health, but I will check with the Minister of Agriculture.

Mr. Diefenbaker: He did not know what the disease was.

EXTERNAL AFFAIRS

BOUNDARY WATERS—REQUEST FOR DEFINITION RESPECTING GOVERNMENTAL WORKS

On the orders of the day:

Mr. Ralph Cowan (York-Humber): Mr. Speaker, I should like to direct a question to the Minister of Justice. Inasmuch as article 3 of the treaty between the United States and Great Britain relating to boundary waters of the Great Lakes states that the provisions of the treaty "are not intended to limit or interfere with the existing rights of the Government of the United States and the Government of the Dominion of Canada on Governmental works in boundary waters, provided that such works are wholly on its side of the line and do not materially affect the level of the boundary waters", can the Minister of Justice define the word "materially", or will he ask the Supreme Court of Canada for a definition of this phrase?

• (3:10 p.m.)

Mr. Speaker: Order, please. I have grave doubts whether this question is in order, but in any event perhaps the hon. Member will put it on the order paper.

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

MRS. LUCIEN RIVARD—INQUIRY AS TO PASSPORT

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Mr. Speaker, I have a question for the Acting Secretary of State for External Affairs. I would like to ask him whether Mrs. Lucien Rivard has been granted her passport.

Hon. C. M. Drury (Acting Secretary of State for External Affairs): I will find out and provide an answer tomorrow.

Mr. Smallwood: And at the same time would you check on what date she applied for this passport?

Mr. Eldon M. Woolliams (Bow River): I wish to ask a supplementary question of the Minister of Justice. It is several weeks since Rivard escaped, and I would like to ask him whether he has anything to report to the House on the escape of Rivard in order to bring the House and the country up to date.

Hon. Guy Favreau (Minister of Justice): The investigation is being continued, Mr. Speaker.

DOMINION-PROVINCIAL CONFERENCE

REPORTED REFUSAL OF B.C. PREMIER TO ATTEND

On the orders of the day:

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, I should like to direct a question to the Prime Minister. Has the Prime Minister received notification from the Premier of the Province of British Columbia that he refuses to attend the Dominion-Provincial Conference on May 31 because of possible discrimination against his Province?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. When the invitations to the conference were sent and the date of May 31 was suggested, the Premier of British Columbia indicated to me that unfortunately he would be in Japan on that date but if all the other heads of provincial governments found that date satisfactory, naturally he would not wish to urge another date and would send a member of his cabinet to represent him at the conference.

INDIAN AFFAIRS

SASKATCHEWAN—FEDERAL-PROVINCIAL ARRANGEMENT RESPECTING HOUSING

On the orders of the day:

Mr. Robert Simpson (Churchill): Mr. Speaker, on Thursday last I directed a question to the Prime Minister in relation to the new policy which has been announced with regard to the construction of homes on Indian reservations. At that time I asked the Prime Minister if he could say why the decision was made to try this out in Saskatchewan and whether it had been initiated by the Province or by the Indian Affairs Branch. The Prime Minister replied as follows:

Well, Mr. Speaker, I cannot answer that question, but I will talk to the Minister about it and perhaps he can answer tomorrow.

As this is the fifth tomorrow, can the Prime Minister say whether he has had a chance to discuss this matter with the appropriate Minister?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps the Minister of Citizenship and Immigration will be able to answer the question as to the initiation of the housing project in Saskatchewan.

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, we have had discussions with the Provincial Government of Saskatchewan with regard to two types of houses, some to be built in or near the two potash communities located in that province, and houses for the Indians and Métis in the northern part of the province. The negotiations are still under way and I believe they are progressing satisfactorily. I was speaking to Premier Thatcher yesterday and a further meeting with C.M.H.C. officials will be held within the next few days.

Mr. Simpson: A supplementary question, Mr. Speaker. I was inquiring the other day with regard to whether this same policy would be available in each and every province, and just how this new housing policy differs from the present policy applicable in respect of homes on Indian reservations. I did not receive an answer.

Mr. Nicholson: Mr. Speaker, I thought the Prime Minister had answered that question the other day. The Prime Minister made it clear that the program for northern Saskatchewan is an experimental one. We have been working on it with the province for some months. If it is successful we hope it will be extended, and it probably will be, to other provinces of Canada.

Mr. Frank Howard (Skeena): A supplementary question, Mr. Speaker. In the course of working out this experimental plan were any of the Indian people consulted?

Mr. Nicholson: Mr. Speaker, I would not want to answer that from memory but I will be glad to look into the matter. However, it is my recollection that officials of the Department of Welfare of the Province of Saskatchewan did discuss the matter with the Indians and with others interested.

Mr. Howard: The Minister will check into it?

Mr. Nicholson: Yes.

[Mr. Simpson.]

PUBLIC UTILITIES

APPOINTMENT OF PUBLIC REPRESENTATIVE AT RATE HEARINGS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I want to ask the Minister of Transport a question. What action will the Government take in regard to the proposal contained in a resolution passed by the council of the Township of Thorold and endorsed by the Council of the City of Toronto for the appointment of what they describe as a "public utility ombudsman", whose duty it would be to represent the public at hearings involving rates or policies of the Bell Telephone Company or other public utilities under Federal jurisdiction?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I think the Government will start by reading the resolution.

INDUSTRY

ASSISTANCE TO MANUFACTURERS AFFECTED BY AUTOMOBILE AGREEMENT

On the orders of the day:

Mr. A. D. Hales (Wellington South): Mr. Speaker, I should like to address a question to the Minister of Industry. The Vice President of Chrysler of the United States, when speaking before the Ways and Means Committee of Congress recently, stated that many manufacturing companies would suffer because of the Canada-United States automobile treaty. He stated that most of the companies that would suffer would be on the Canadian rather than on the American side of the border. When may we expect some form of legislation that will be helpful to these manufacturers, the type of legislation incorporated in the United States bill now before Congress?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the Government is keeping in close touch with developments on the Canadian side of the industry as well as the American, and as soon as the necessity for legislation of the kind inquired about by the hon. Member becomes apparent I think we will be in a position to introduce it.

Mr. Hales: A supplementary question, Mr. Speaker. I think it is the Canadian manufacturers with whom the Minister should be keeping in close touch. On many occasions we have sought an answer, once from the Prime Minister, as to why Canadian made Ford cars are being sold in Buffalo at United States

prices whereas Canadian consumers have to pay much higher prices. We want to know the reason.

Mr. Drury: I do not think there is much I can add to the answer given by the Prime Minister. Ford cars manufactured in Canada were sold in Buffalo by the Ford Company of the United States. What their reasons were for selling them at that particular price we do not know. What price Ford of the United States paid Ford of Canada for these cars is likewise within the company itself.

Mr. Hales: A supplementary question, Mr. Speaker. In view of the fact that the Canadian Government has contributed $50 million to the car manufacturers, does the Minister not feel that the Canadian people are entitled to the same deal?

Mr. Drury: Mr. Speaker, assurances have been given to the House that as soon as the current plan becomes effective and significant reductions in the cost of manufacturing cars in Canada can be achieved, it is anticipated that the price of cars in Canada will go down. In the meantime, if Canadian manufacturers are to export it is quite clear that in selling abroad they must meet local prices. Otherwise they will not be able to sell.

[*Later:*]

Mr. H. W. Danforth (Kent, Ont.): Is it the opinion of the Minister of Industry, Mr. Speaker, that the necessary legislation will be passed and implemented by the United States so the duty will be removed on car parts entering the United States early enough that it will not be a factor in Canadian tenders for United States orders on 1966 models?

Mr. Drury: Yes, Mr. Speaker.

REQUEST FOR ESTABLISHMENT OF AUTOMOBILE SAFETY COUNCIL

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Minister of Industry.

Do the minister and the cabinet intend to promote the establishment of a national council of automotive safety, as requested by many Canadian municipalities, including the city of Ste. Foy, in Quebec?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I do not think I have to remind the hon. member that road safety comes under provincial rather than federal jurisdiction.

Mr. Marcoux: A supplementary question, Mr. Speaker. This has to do with safety precautions in the manufacturing of automobiles. The federal government has been asked to promote the establishment of such a council.

Mr. Drury: Mr. Speaker, I shall examine the question.

[*Text*]

IMMIGRATION

REQUEST FOR INCREASED STAFF IN OFFICES ABROAD

On the orders of the day:

Mr. Max Saltsman (Waterloo South): Mr. Speaker, I should like to direct a question to the Minister of Citizenship and Immigration. In view of the fact that the large number of applications from the Portugese community of Waterloo South for the admission of relatives to Canada has seriously overloaded the facilities of the Department of Citizenship and Immigration and is causing long delays in the processing of these applications, can the Minister inform the House if it is his intention to increase staff so these requests may be handled promptly?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, the simple answer to the question is yes, but I feel that some further explanation is called for. Consideration is being given to increases in the staffs of several of our immigration offices in western and southern Europe, and to the establishment of some additional offices. In saying this I wish to make it clear that I am not referring specifically to our office in Portugal but rather to Europe generally.

I am sure the hon. Member and other hon. Members will appreciate that when we were faced with the serious unemployment situation that existed in Canada up until a relatively short time ago, the extent to which we should step up our immigration services was questionable, especially in those countries from which we were getting immigrants, having no special skills or trades. I might say that the situation is very different today, and the Assistant Deputy Minister of Immigration and the Director of Overseas Immigration Services have been in western Europe for about 10 days, I believe, visiting the different offices. My Deputy Minister and the Director of Immigration Services here in Canada are joining them later this week for a full scale discussion in London, and inquiry as to what additional staff and what additional facilities may be needed.

Inquiries of the Ministry

• (3:20 p.m.)

I might say that the prime purpose or prime objective of this meeting is the accumulation of information that is needed for the white paper upon which we are now working. The information is required largely because of discussions we have had with several of the Provinces, some four or five at least, and with industry regarding the need for skilled workers. The whole matter is under active study.

SOCIAL SECURITY

REPORTED INTENTION TO CHANGE FORM OF CARD

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): I should like to direct a question to the Secretary of State, and ask him whether within the last two or three days the Government has decided to call for quotations, and is now asking for quotations, for a new form of social security card which will remove the coat of arms of Canada from the card and substitute the new flag.

Hon. Maurice Lamontagne (Secretary of State): I will take the question as notice, Mr. Speaker.

HOUSE OF COMMONS

IMPROVEMENT OF WORKING CONDITIONS OF INTERPRETERS

On the orders of the day:

[*Translation*]

Mr. Robert Beaulé (Quebec East): Mr. Speaker, may I put a question to the Secretary of State?

Following an article published yesterday in *Le Droit* concerning the predicament of the house's interpreters, does the minister intend to remedy the situation by improving those people's working conditions?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, the question is under consideration.

Mr. Beaulé: How long yet will it be under consideration?

Mr. Lamontagne: Mr. Speaker, we will surely have an announcement to make soon.

[*Text*]

CONSIDERATION OF RECOMMENDATIONS OF PROCEDURE COMMITTEE

On the orders of the day:

Mr. Speaker: The hon. Member for Peace River.

[Mr. Nicholson.]

Mr. G. W. Baldwin (Peace River): I wish to thank Your Honour for the recognition the Early Bird satellite has made possible. I have a question for the Prime Minister, and I am asking this question in view of certain press stories, which may be inspired or speculative, that the Government will propose parliamentary procedural changes. Could the right hon. gentleman advise whether the suggestions made by the Parliamentary Committee including, inter alia, those which would be effective in containing and curbing the growing concentration of power in the executive, will be among them?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, the ideas and recommendations of the committee have all been considered in the Government's examination of this matter, and I think my hon. friend will find them reflected in the proposals which will shortly be put forward in the House.

EXPO '67

CONTRACTS WITH UNIONS RESPECTING BUILDING CONSTRUCTION

On the orders of the day:

Mr. H. Russell MacEwan (Pictou): I should like to direct a question to the Minister of Trade and Commerce who reports to Parliament for Expo '67. In his absence I will direct it to his Parliamentary Secretary. Is it correct that Montreal contractors who have submitted tenders for the construction of buildings at Expo '67 have stipulated in their tenders that they will not be bound by the agreement which was reached between Expo '67 officials and certain trade unions? They state they have an agreement, in many cases, with other trade unions. I ask this question because the Minister stated at that time that the reason the original agreement was signed with certain trade unions was to accelerate construction. If this is so, what action will the Government take to ensure that this important project is continued and completed on time?

Mr. Jean-Luc Pepin (Parliamentary Secretary to Minister of Trade and Commerce): I will get a translation of the question and try to bring in an answer.

SHIPPING

REPORT OF INTERDEPARTMENTAL COMMITTEE ON SHIP CONSTRUCTION ASSISTANCE

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Can the Minister of Transport say when

the interdepartmental committee considering ship subsidies will be reporting?

Hon. J. W. Pickersgill (Minister of Transport): I will make some inquiries.

Mr. Chatterton: May I ask a supplementary question. In view of the fact that other than for a couple of commercial fishing vessels no new contracts have been let since the freeze was announced three months ago, will the Minister use his influence to have the committee submit its decision early?

Mr. Pickersgill: Of course the Government is not anxious to have any delay on this matter at all.

ST. LAWRENCE—REPORTED STATEMENTS RESPECTING ACCIDENTS

On the orders of the day:

Mr. Frank Howard (Skeena): Mr. Speaker, I would like to direct a question to the Minister of Transport. On Tuesday and Wednesday of last week I asked the Minister certain questions about statements by Mr. McLagan of Canada Steamship Lines and the operation of certain of its ships on the Seaway, and if I remember correctly the Minister said his research had not taken him too far into that matter. Has he anything to report to the House now about the accidents on the Seaway? While I am on my feet may I also ask whether he received a letter from the Seafarers' International Union regarding the operation of a Greek registered ship, the *Atrostos*, which has been carrying fuel oil between Toronto and Quebec, presumably in contravention of the Canada Shipping Act?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, to the best of my knowledge I have not seen, or at any rate I have not consciously examined, the letter in question, though no doubt it exists. As for the general representations made to my Department by the S.I.U., they are receiving very careful consideration. Several officers of the Department have been in touch with Mr. McLaughlin with a view to getting particulars which would make it possible to investigate in a specific way the allegations he has made. I will look into the question of this letter and see what should be done about it.

Inquiries of the Ministry

NATIONAL ANTHEM

CONSIDERATION OF IDENTICAL FRENCH AND ENGLISH VERSIONS OF "O CANADA"

On the orders of the day:

[*Translation*]

Mr. Clément Vincent (Nicolet-Yamaska): Mr. Speaker, may I put a question to the right hon. Prime Minister?

Does the right hon. Prime Minister not believe that it would be desirable to create right now a committee of the house charged with recommending identical French and English versions of O Canada, which is to be adopted as the national anthem during this session?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): I do think this is a suggestion that merits careful consideration, and that is being given to it.

NATIONAL DEFENCE

REPORTED SHORTAGE OF FRONT LINE INFANTRY BATTALIONS

On the orders of the day:

Mr. J. N. Ormiston (Melville): My question is for the Minister of National Defence, and it is based on an article in last Saturday's Ottawa *Journal* which reads in part as follows:

> The Canadian Army is so hard pressed for infantry battalions that the defence department has had to select for U.N. duty in Cyprus, the unit which performs the changing of the guard ceremony on Parliament hill.

I wonder if the Minister could tell the House whether or not there is a shortage of front line infantry battalions in the country at the present time, and what steps are being taken to bring the second battalion Canadian Guards up to full strength.

Hon. Paul Hellyer (Minister of National Defence): There is no shortage of battalions. The number of battalions has been fixed for a considerable period of time. As I indicated last year, the changing of the guard on Parliament Hill does interfere with the training requirements of the Guards battalions. Nevertheless, it was considered advisable to continue this national ceremony this summer. I am sure we will be able to make up the deficit from the other battalions in order to enable both battalions to do their work during the summer.

Inquiries of the Ministry

Mr. Ormiston: Is it a fact that the second battalion of Canadian Guards is under strength at the present time?

Mr. Hellyer: I suspect it is a little under strength, but the actual number I could not say offhand. I would be glad to get the figure for my hon. friend if he desires it.

NATIONAL EMPLOYMENT SERVICE

CHANGES NECESSITATED BY TRANSFER OF JURISDICTION

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to ask the Minister of Labour whether he feels he will be able, at an early date, to make a statement to the House about what changes in the administration and program of the National Employment Service have taken place since it was transferred to the jurisdiction of his department. Can he also deal in such a statement with the provisions that are being made for the division of premises which have been jointly occupied by the unemployment insurance service and the National Employment Service in the various centres across Canada?

Hon. A. J. MacEachen (Minister of Labour): As my hon. friend knows, the National Employment Service is now part of the Department of Labour. As I indicated to the House, it is intended to secure the services of a management consultant firm to advise the department on the appropriate integration of the National Employment Service with the other manpower operations of the department. Until that study is completed and a decision is taken, it will not be possible to indicate finally how the National Employment Service will be fully integrated or how it will operate within the manpower field, except that as I have already stated it is expected it will be keyed operationally into the implementation of manpower policy. I would be glad to get some information on the premises aspect of the question and give it to my hon. friend.

• (3:30 p.m.)

Mr. Barnett: As a supplementary question, am I to take it then that there will be no changes of substance in the operation of the National Employment Service until the survey to which the Minister refers has been completed?

Mr. MacEachen: Changes will be made; whether they will be changes of substance is a question of judgment, but the final, firm relationship of the National Employment Service to this other role, and its relationship to other aspects of the Department, will not be determined until after we have had the benefit of advice from a consulting agency.

Mr. Barnett: Is any extension of the field service operations of the National Employment Service contemplated in the immediate future, or is it taking place at the present time?

Mr. MacEachen: We have added staff to the National Employment Service, increasing the complement by several hundred, and the staff requirements of the National Employment Service are currently under review.

CANADIAN CITIZENSHIP

REGINA—INQUIRY AS TO ESTABLISHMENT OF COURT

On the orders of the day:

Mr. K. H. More (Regina City): Mr. Speaker, I wish to direct a question to the Minister of Citizenship and Immigration. A short time ago I asked him about the establishment of further citizenship courts, especially in regard to Saskatchewan and Regina. Has he any information today on this matter?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, I thank the hon. gentleman for giving me time to look into the matter. We now have citizenship courts in six of the provinces. We intend to proceed gradually with the establishment of such courts in the other provinces, and the next two on the list are Saskatchewan and Nova Scotia.

ST. LAWRENCE SEAWAY

ACTION BY GOVERNMENT WITH RESPECT TO DEFICIT

On the orders of the day:

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I have a question for the Minister of Transport. In view of the St. Lawrence Seaway report just tabled which shows a record deficit of $14 million, and in view of the very serious criticism by the Auditor General contained therein with respect to this deficit, will the Minister say whether the Government is giving immediate attention to it, and how soon can we expect some remedial action with regard to it?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I think the hon. gentleman, who is a great student of these matters, is well aware of the fact that the tolls are fixed by joint agreement between Canada and

the United States. There are discussions proceeding on this matter at the present time, which have not reached a conclusion.

Mr. Bell: As a supplementary question, is the Minister aware that the action that is now being taken is definitely quite illegal, in the words of Mr. Henderson, and that quite a few Canadian taxpayers, particularly those in the Maritimes who do not get any benefit out of the Seaway, are concerned about this type of bookkeeping?

Mr. Pickersgill: Mr. Speaker, unlike the Auditor General I am forbidden by the rules of the House to express a legal opinion.

Mr. Joseph Macaluso (Hamilton West): I would like to suggest to the Minister of Transport that during the negotiations which are going on, discussions be seriously entered into by the Canadian Government to see that the Seaway be returned to an all-Canadian nature and that tolls be abolished thereon—

Mr. Speaker: Order.

Mr. Pickersgill: Mr. Speaker, that would require action by this House, and the other place, and the Crown.

TRADE

REQUEST FOR INTRODUCTION OF NATIONAL CO-OPERATIVE LEGISLATION

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the Secretary of State whether he has received any representations from the Co-operative Union of Canada and any other co-operative organizations requesting that a national co-operative act be introduced in this House? If so, is the Minister giving sympathetic consideration to introducing such legislation?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I have indeed received representations, and they have been accepted in principle. I am now giving consideration to appointing a special committee of experts to draft the necessary legislation.

• (3:40 p.m.)

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Monday, May 3, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, this is certainly a wait and see budget. As the Minister of Finance (Mr. Gordon) delivered his budget address the other night it was well nigh impossible to count the number of times he used the expression, "we shall have to wait and see", or something similar to it.

Members of this House and the Canadian people must fully recognize that Canada's financial position is strengthened and our economy moves forward only when the Government does everything possible to improve and strengthen Federal-Provincial relations. Yet we are told to wait and see regarding Federal-Provincial relations and affairs relating to our constitution; wait and see while the Government stumbles from crisis to crisis; wait and see while the Government stumbles from crisis to crisis when basic action is needed immediately.

I say, together with the right hon. leader of my party, that the Government must immediately convene a national conference to study our constitution, and an all-party Parliamentary Committee should meet with similar bodies in every Province. The result will be a Made in Canada Constitution, a modern Constitution suited to modern times.

[*Translation*]

That conference must be convened as soon as possible. The Canadian constitution must be brought up to date; we need a constitution made right here in Canada.

[*Text*]

We are asked to see whether the war on poverty will begin by itself. While those in the higher income brackets are to get a $600 tax saving, those in the lower brackets are to get a cut amounting to less than two cups of coffee a week. A Government which ignores the problems of price stability tells us to wait and see whether inflation will merely pass away. Meanwhile those who are trapped in grinding poverty must pay higher prices on fixed or shrinking incomes.

This Minister tells us to wait and see whether the war on poverty will begin by itself. We are told to wait and see whether by some stroke of magic the poor will become richer. Mr. Speaker, the budget is meant to be the Government's main annual social and economic document outlining, together with its course of action, the objectives of the administration both short term and long term. I ask the Minister: Is this the beginning of the war on poverty, or does the Government merely intend to raise the expectations of

Canadians living in poverty and want by cruel and empty slogans, although it is action which is needed, and needed now?

The young people and the students of Canada are told to wait and see by a Government which hopes they will conveniently forget the promise of 10,000 university scholarships; by a Government which attempts to mobilize the idealism of youth while turning its back on its election speeches and promises. A Government which tolerates wrongdoing in high places and permits at least three and possibly four or five of its Members and supporters to remain in this House, when in any other free Parliament in the Western world those Members would long since have departed. Hon. gentlemen opposite wait and see and hope the public will conveniently forget that complete integrity is a prerequisite of good government in Canada.

We have to wait and see whether our products can become competitive at home and abroad while a tax of 11 per cent is hung around the necks of many of our producers. The farmer is told to wait and see by a confused Minister of Agriculture who keeps telling eastern farmers they never had it so good. Well, last Sunday a farmer phoned me in my riding and said: "In 1958 I received $3.10 per hundred for my milk and I am still receiving $3.10 per hundred for my milk". I should like the Minister to repeat to that farmer his statement that "he never had it so good". I will tell you one thing, Mr. Speaker. The poor farmers in Eastern Canada will not wait for the war on poverty to begin while the Minister responsible for rural development forgets the job he should really be doing and goes around wondering whether the new wing of the Liberal Party is going to survive in Quebec. The public in general, finding it difficult to afford the high cost of drugs and medicines, is told to wait until the Minister is given the findings of a committee report. I will say this: No Minister of Finance in the history of this young country has waited for the findings contained in so many reports, while an angry public witnessing the breaking of one promise after another calls for action. Management and labour are told to wait and see by a Minister of Finance who refuses to chart short and long term goals. At the same time, the majority of the recommendations of the Economic Council are either ignored, misunderstood, or, what is even worse, put on the shelf. Businessmen want to know more about the Canada Development Plan before the private sector of the economy can raise investment capital. They, too, are told to wait by an indifferent Minister. The universities need help—not tomorrow but today. They, too, are told to wait and see, pending the report of the Bladen Commission. Hundreds of students were turned down by our medical schools this year. A lack of research and teaching facilities is the major reason for this state of affairs. Our medical schools are crying for increased assistance in research but they, too, are told to wait and see by an indifferent Government and by an indifferent Minister. Textile manufacturers are told to wait and see by a Government which will not or cannot arrive at sensible and realistic agreements with our trading partners.

Why is this a "Wait and See" budget? The answer should be very clear to most Members of this House. The fact is we are still suffering from the effects of the first budget which the Minister brought before this House. For the first time in the history of this country a Minister of Finance had to withdraw all the major proposals he had made. It was easily the worst budget ever presented in the history of Canada. The hon. gentleman had to withdraw all the major proposals of his first budget and he is now too terrified and too timid to act when action is patently necessary.

Some hon. Members: Hear, hear.

Mr. Grafftey: As he stands paralysed in a strait-jacket of fear an anxious Canadian public "waits and sees" how long the Prime Minister will allow him to occupy such a sensitive post in our nation.

I have already drawn attention in my opening remarks to the need for calling a national constitutional conference as soon as possible. We know that no plans which the Minister may make to better the financial and economic position of this country can come to fruition unless everything possible is done to improve our constitution and lead to better Federal-Provincial relations. But this Government—and I speak as a Canadian representing a riding made up for the greater part of the two founding races of this country —stupidly stumbles from crisis to crisis. The Minister of Finance is a prime example. His whole domestic economic program floundered on the rocks because he did not understand the basic initiatives required in the field of Federal-Provincial relations. He should have made himself familiar with this situation

years ago. But he failed to do so and as a result his whole program floundered with consequent damage to our national unity. Last week we saw a dispute between this Government and the Government of Quebec over treaty making powers. This week it is a dispute between this Government and the Province of Quebec over job placements. A new dispute has arisen over housing.

Why has this situation come about? It is because Members opposite refuse to heed in a bipartisan way the suggestions made by my right hon. leader—suggestions which were not made in a party spirit but for the good of Canada because in this instance, as in all other instances, the Leader of the Opposition places his country before party. This Government refuses to convene a national conference to renew and modernize our constitution. Its Members simply stumble from crisis to crisis.

Why must such a conference be held? This has been explained time and time again in the House but it must be repeated until this Government learns. Many metropolitan areas are today administering budgets larger than the budgets of some Provinces. These metropolitan areas are not cities and towns in the old 1867 sense. While they fall within the jurisdiction of the Provinces, which have the primary responsibility, the Federal Government certainly cannot turn its back on the many complex problems facing our sprawling city and metropolitan areas today. There is education, which falls under the purview of the Provincial Governments. Who in 1867 would have ever envisaged the expenditure on education which is taking place today?

• (3:50 p.m.)

This is another point I want to make, Mr. Speaker. It is hard to explain in words, but in many ways I have learned it since coming to this House of Commons and associating with many of my good colleagues from the West. What is going on in Quebec today? The Legislature of the Province of Quebec are studying necessary changes in our constitution; but I feel that very often we in the East fail to realize that since 1867 between the lakehead and the foothills of the Rockies, millions of Canadians have poured into the great West of our land. Today these people have a unique, outward-looking and dynamic idea of what Canada should be and should look like. Instead of dividing this country by inactivity, when will this Government accept the suggestion of our right hon. leader and do the basic job that is necessary?

The people from my Province perhaps have a different idea of what Canada should look like today than have the people in other parts of Canada. I happen to think that regionalism in many ways is a good thing as we underline "unity in diversity" in Canada today. But surely the time has come for these points of view to be brought to the conference table, instead of smearing my leader every time he opens his mouth about my Province. When he makes a suggestion to better Quebec, he is smeared with this anti-Quebec label. Every time he puts forward a suggestion inside or outside this House, he is smeared in this regard—and I know that the Liberals are up to their same old tricks—with "anti-Quebec", "anti-Canadian".

An hon. Member: Who is smearing him?

Mr. Grafftey: Yes, and probably the hon. Member is one of those.

[*Translation*]

Last night Mr. Lesage came to Ottawa. Next week Mr. Pearson will go to Quebec City; and he gives throughout the country the impression that he is in the process of working out an agreement between two countries.

I ask the Prime Minister to convene such a national conference as soon as possible.

[*Text*]

Sir, every day this Government waits to establish such a national conference to study our Constitution is a wasted day. The Canadian people will not tolerate this. They will not wait and see whether or not the Prime Minister is going to negotiate us out of Confederation. The Canadian people want to see the Prime Minister lead us into one united Canada. This suggestion will certainly have to be acted upon very, very soon, and the people of Canada will not wait and see.

What about the war on poverty. The Throne Speech said that the Government was going to declare a war on poverty.

Mr. Woolliams: On the poor.

Mr. Grafftey: Again I say, Sir, that every sensible Member of this House and every conscientious Canadian recognized that if the Government was really sincere, it was in the budget, the major annual, social and economic document of the Government, that the government should outline in some detail at least how they would carry out this war on poverty. But what do we see? While those in the higher income brackets—I repeat again—are accorded a $600 tax reduction,

the lower income bracket earner gets a couple of cups of coffee a week. The question of inflation, which so touches the poor people in our country who are living in grinding poverty, was not considered by the Minister at all. The Minister falls into the classical pitfall of the affluent society. He has the gall to quote statistics to the millions of Canadians living in poverty, destitution or deprivation. It is not statistics they want from the Minister of Finance, who looks upon their plight with indifference, but they want action from a Government that is bogged down in the mire of indecision and confusion.

Mass poverty is one thing in the African and Asian countries. It is yet another thing in Canada where we have the second highest standard of living in the world. In my opinion, Mr. Speaker, and I am sure this is the opinion of many Members of this House, far too many Canadians are not truly sharing in our nation's prosperity. Right here, at home, we have done a poor job at pushing back the frontiers of poverty and want. Individual and national excellence will be a meaningless idea if millions of Canadians continue to barely exist in substandard conditions. We shall have to put an end to poverty in the midst of plenty at home, otherwise what will our answer to Communism be abroad? I will tell the Government this, Mr. Speaker, that you do not declare war on poverty in a concrete way by slogans alone.

The gross national product—and this is something the Minister of Finance should be very well aware of, and yet he is not, as he cites statistics and tells the people they have never had it so good—may be up and unemployment may be down; yet the poor still remain poor. In fact, very often an ever increasing gross national product locks more people into poverty. Today our rising gross national product means that many Canadians are becoming richer, while more than 4 million are becoming poorer. Four fifths of us earning salaries or having incomes tied to rising production or prices are not affected by this, but the other one fifth must pay these higher prices with shrinking and dwindling incomes. I ask myself, what percentage of this one fifth group will be covered by contemplated measures such as the Canada pension plan? I ask myself, what percentage of this one fifth group will be helped by this budget which is meant to begin the war on poverty—and I say none, Sir. I think it is a depressing thing when a Government, with slogans, builds up and raises the expectations

[Mr. Grafftey.]

of millions of Canadians living in poverty and want, and the first major document, namely their budget, which they bring before this country has nothing in it for the poor.

Today rural poverty has become a great challenge to all of us. The rural poor and unemployed are to be found in our countryside, villages and small towns. A farmer owning his own land must gross $2,500 a year if he wishes to barely exist. By these standards we have subsisting at or under such a level 500,000 rural families. These families, together with the city poor, make up one fifth of our nation's population. The rural poor of this nation will not wait for the Minister of Forestry and Rural Development to decide, while he neglects his job, whether the new guard of the Liberal Party is going to survive in the Province of Quebec. Instead of the Minister continuing his war with the Prime Minister regarding who is going to clean out the old guard in Quebec, when is he going to administer his department and meet the challenge of rural poverty in this nation?

As the more affluent members of our society move to the suburbs, the city poor are still to be found in the millions at the centre of our metropolitan regions. Here we find the disabled, the unskilled and the aged in rundown housing areas. Need I say more in order to spell out the problem, Sir? Let us face it with the realization that wherever there is economic opportunity most men will willingly work. What are some first steps? Having found out where poverty is located, the next step involves the appropriate remedies. What are they? Roads, schools, parks and hospitals must be built by governments. And let us not imagine that only a small amount of money is involved in this regard. Area development, rehousing, retraining, health measures, urban renewal are only a few matters we should act upon immediately.

• (4:00 p.m.)

I should now like to deal with rural areas, Sir. First of all the Agricultural Rehabilitation and Development Act legislation must be spurred on. Rural poverty has been largely located, and there is absolutely no excuse for further delays in implementing concrete plans which will bring results in terms of better land use, good farmers on good farms and social justice for those who wish to remain in rural areas.

Second, more vocational and trade schools must be built and staffed. As medium and light industries move into rural areas these schools will train and retrain rural citizens

who do not wish to locate and should not be relocated in our cities.

Third, straight grants to industries, for training or retraining workers up to definite standards on the job should be considered.

Mr. Speaker, when tax concessions are given to certain companies moving into designated areas, unemployment figures should not be the only statistics or factors considered before an area is so designated. Often there is no unemployment in a region simply because there is no growth. The grinding poverty and stagnation is appalling.

Let me refer to some first steps in respect of our cities and our metropolitan areas. While cities and towns come under the jurisdiction of the Provinces, many of our larger metropolitan areas are no longer cities in the sense they were in 1867. Today many metro governments administer larger annual budgets than a great number of our Provinces. While the Provinces have their primary responsibilities over cities and towns, the Federal Government cannot turn its back on the problems facing our sprawling cities and metropolitan areas.

Sir, in 1961 the Federal Government and Provinces called a conference relating to our material resources. The result was the eminently successful Resources for Tomorrow Conference. This was a high water mark in Federal-Provincial co-operation. In a similar spirit I believe that after much preparation the Federal Government and Provinces should call a conference on human capital and human resources.

To a great extent such a conference would involve problems facing our cities and metropolitan areas. Principles would be laid down and a line of action determined. Urban renewal, rehousing, communications, physical fitness, automation, delinquency, problems facing the aged and disabled, health and social justice would certainly head the list on the agenda of the conference.

These are merely some first steps that I believe must be taken immediately in order to face and solve a problem that has been with us far too long. The continuance of grinding poverty is not inevitable. If it is, what does democracy mean to the millions of Canadians who live in destitution, poverty or deprivation? This budget takes no first step in the war on poverty, and the time to begin is not tomorrow but now.

Sir, let us look at the economic goals for Canada to 1970 as outlined in the first annual report of the Economic Council of Canada, and determine what if anything the budget under discussion does to move us any closer to these goals. Let us look at three of the five goals stated in the Council's terms of reference. The first goal listed is that of "a reasonable stability of prices." In Canada last year over 3 per cent of our gross national productivity gain can be attributed to inflation and higher prices. Yet in his budget address the Minister ignored the problem as if it never existed. Certainly no constructive proposals were made in this regard. If the Minister continues to ignore this problem he does so at his own and certainly at his nation's peril.

The second goal listed by the Economic Council's annual report is "a viable balance of payments". In order to attain this goal I believe our products must remain competitive in the world markets, but the failure to abolish the 11 per cent tax, and the budget failure to advance one single measure to increase productivity brings us no closer to this goal.

The third goal set out by the annual report is an "equitable distribution of rising incomes." Mr. Speaker, I read this to mean that more Canadians should share in our nation's prosperity. Certainly more Canadians should share in our nation's prosperity, just as the Government should begin this war on poverty. A budget that favours the high income earner with a $600 per year tax saving and the lower income earner with a tax saving equivalent to the cost of a couple of cups of coffee, and a Government that ignores the effects of inflation on the 30 per cent of our population living in poverty, destitution, and deprivation, Sir, does not seem to be concerned very much with the goal of "an equitable distribution of rising income."

The first annual review of the Economic Council of Canada points out time and time again that Government has a major role to play in encouraging individual and national excellence. This budget now under discussion fails to recognize this fact.

Mr. Speaker, naturally every political party would claim to be the champion in encouraging individual and national excellence. This is to be expected. It is not my purpose to challenge other parties' views. I merely wish to underline what I consider the basic Conservative approach to the subject. While the Conservative recognizes that, in many ways, the old frontier days are a thing of the past, he still places great importance on the individual citizen and his legitimate aspirations. He also recognizes that nations are best at

doing certain things. Nations, like individuals, have their specific aptitudes and qualities. In brief, the Conservative places a high premium on constructive national purpose and individual enterprise. This is no mere cliché, but something that is deeply felt and deeply believed in, namely that the Government has a dynamic role to play in encouraging individual and national excellence. That is something this Government has failed to recognize, but must begin to recognize if Canada is to move forward as a country.

• (4:10 p.m.)

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, in rising to participate in this debate I should first like to draw the attention of the House to the new environment in which the budget has been brought down, and to which reference was made by the hon. Member immediately preceding me in the debate.

Since the last budget, we have had the first results of an exciting and significant experiment in national economic planning. I am referring to the first annual review of the Economic Council of Canada. This Council, which held its first meeting in January 1964, and published its first report in January 1965, is made up of three full time members—a chairman, a vice chairman and a director, who serve in their professional capacity as economists—and 25 part time members who were appointed after consultation with appropriate organizations. The latter were drawn approximately equally from four areas: labour, industry and commerce, agriculture and other primary industries, and the general public.

The Council has acquired a small but singularly competent staff of highly qualified experts. It is a unique organization, a sort of continuing royal commission on Canada's economic prospects and potential. Its first report provides, in my view, a strategy for policy, a set of goals and targets against which the actual performance of the economy should be measured. It provides a prescription of what the Canadian economy can and should achieve in the period to 1970. For the first time in the Canadian experience there exists the essential and basic framework within which economic planning in the public and private sectors can be effected. Within this framework the needs of tomorrow can be brought to bear on the policies of today.

This Government believes in economic planning, in indicative planning. We believe that, in the face of a rapidly changing technological, commercial and political environment, a conscious and organized attempt must be made to co-ordinate public and private policies more rationally in order to reach agreed upon economic goals. This kind of planning should proceed in three stages. There should be an examination and specification of national goals in the light of the economy's potentialities and prospects. On the basis of a comprehensive assessment of the problems which may arise in achieving these goals, advice should be forthcoming on the means to achieve economic potentials. Policies, public and private, appropriate to bringing the prospects in line with the potentialities should be pursued and encouraged.

[Mr. Grafftey.]

Within this framework of indicative planning the vital role which has been assigned to the Economic Council is to indicate the economic potentialities, to specify the national goals and targets, and to advise on the means to achieve them. The role of the budget and other Government policies is to use such advice to change economic prospects, if necessary, so that they will fulfil the potentialities. This is why from now on the budget ought to be considered and reviewed in the light of the annual reports of the Economic Council.

In its first annual review the Council dealt with the prospects and problems of the Canadian economy during the period to 1970. That report should carry great weight not only because of the excellence of its analytical content and substance but also because it is an expression of a consensus achieved amongst important decision makers in the private sector, including labour leaders, businessmen and representatives of the general public.

What are the goals and potentialities indicated by the Council? They are briefly defined as follows, and I will be more specific than the hon. Member for Brome-Missisquoi (Mr. Grafftey). The first goal is a net increase of a million and a half jobs from 1963 to 1970; second, an average annual rate of increase of 5.5 per cent in total real output and, third, an annual rate of unemployment of 3 per cent. A necessary condition in achieving of these targets, according to the Council, is a reasonable degree of price and cost stability. The Council suggests that if the range of price and cost movements can be successfully contained within the limits of the relatively moderate average annual

changes in prices and costs annually recorded in Canada over the past decade, that is, 2 per cent, this necessary condition will have been met. In the opinion of the Council, if these targets are achieved we will have a high standard of living and a high employment economy in the period to 1970. If they are not achieved, then our economy will operate below its potential unless specific steps are taken to improve economic prospects. The Government, as indicated by the Minister of Finance (Mr. Gordon), has accepted the targets and the goals proposed by the Economic Council.

It is in the light of these goals, therefore, that we must appraise the economic prospects for 1965 as indicated in the budget speech. What are the prospects? The Minister of Finance has stated that in the last two years 500,000 new jobs have been created in our country. This certainly reveals a healthy rate of improvement which, if sustained, will result in achieving the Council's employment target some time in 1968 instead of 1970. The Minister of Finance forecasts an increase in prices of goods and services within the range suggested by the Council. However, the prospective performance of the economy in 1965 falls short of the targets in two respects. The Minister of Finance forecasts an increase of 5 per cent in real output instead of the 5.5 per cent average proposed by the Council, and the most recent statistics reveal a rate of unemployment of 3.9 per cent of the labour force. Such conditions, in the Council's view, call for a relatively small deficit. Indeed, the members of the Council say:

> "We would favour a combination of levels of tax rates and expenditure programs which would yield a rough balance if the economy were operating at potential output."

Since the economy in 1965 is expected to operate slightly below its potential, the Minister of Finance has decided to stimulate total demand, more specifically consumer demand, and to cut taxes in a way intended to close still further the gap between the level of performance of the economy and its potential rate of real output. This should help also further to reduce unemployment.

We are, therefore, rapidly approaching the stage where we will have eliminated what the Council has termed "demand deficient unemployment". This, however, is not sufficient. We all realize that we must address ourselves to the problem of hard core unemployment and that measures other than tax cuts are needed to alleviate structural or chronic unemployment. The Council in its report has a great deal to say about the need for upgrading the skills and enhancing the mobility of our labour force. The Minister of Labour (Mr. MacEachen) is developing new manpower policies with the objective of achieving an optimum utilization of our rapidly growing labour force. This comprehensive program will attempt to remove the occupational, industrial and geographic obstacles that stand between the displaced worker and his new job. Better criteria are being developed to be applied to designated areas. Greater assistance through ARDA and the Department of Industry will be available to those areas where unemployment is high and where incomes, if they are available at all, are low. We intend to implement, in collaboration with the Provinces, new and better co-ordinated regional policies which will create new opportunities for depressed areas, and cure chronic pockets of unemployment in a way consistent with the achievement of the national economic goals.

• (4:20 p.m.)

The Council indicates that the effective achievement of potential output, with adequate accompanying labour market policies and other measures to facilitate adjustment to change, will significantly improve the standards of living of low income groups. However, the Council recognizes "that there will be Canadians who, for various reasons, will be unable to participate in the high employment and income opportunities under conditions of rapid and sustained growth and whose poverty may become more acute and more obvious in a high income, high growth economy". The war on poverty program announced by the Government is an energetic response to his challenge. The budget is the Government's first participation in the new Canadian experiment in planning.

In January the Economic Council provided the strategy for policy. It has indicated the targets, the goals and the potentialities of the Canadian economy through to 1970. The Minister of Finance (Mr. Gordon) has presented policies which will contribute to our economy, realizing its potential in the participation of that strategy. This is a landmark in our history and the Minister of Finance is to be congratulated for having taken this very important step which places the budget in a completely new prospective.

We are also, of course, most grateful to the Economic Council for its very fine report. From now on, no serious economic discussion

can take place without taking into consideration the work of this new and significant national institution. The Government, in the Budget, has accepted the goals and prescriptions of the Economic Council. Those who are opposed to the budget proposals should also, if they want to be consistent, attack the Council's report on which these proposals are based, and say how and why the targets and recommendations of the Council are deficient. The Members of the Opposition during this debate are not even trying to do so.

[*Translation*]

In his speech the Minister of Finance also dealt with the federal-provincial relations problem. I should also like to deal with it. I will first go over the main stages in the development of our political system since 1867; I will then explain the nature of cooperative federalism and, finally, show the main results obtained since its inception just two years ago.

From 1867 to 1920, the central government dominated within our confederation. The political union of 1867 was a compromise between legislative union and confederation. On the other hand, the federal government assumed the great tasks of the state, at the time, and provincial legislatures were put under its control. It was to organize the former colonies into a common market, standardize the currency, extend the territory from the Atlantic to the Pacific, help to develop the country by completing the railway and canal system, foster colonization through immigration and protect infant industries by establishing customs tariff. It was given full authority to discharge its duties in the fields of currency, national and international trade, and it could use every means or systems of taxation.

Such was the spirit of confederation in the beginning. Although the provinces gradually freed themselves, it is safe to say that this federalism, which I shall call a trusteeship federalism, was maintained until after the first world war.

The second important phase of our political evolution took place between 1920 and 1940 and was marked by provincial supremacy and by a federalism of coexistence. The federal government had accomplished the great tasks it had been entrusted with in 1867. On the other hand, due to technical progress —the invention of the automobile for instance—due to industrialization and urbanization, which also became sources of economic instability and social insecurity, due finally to some decisions of the privy council, the field of provincial responsibilities was considerably widened in such areas as highways, education and welfare, because the municipalities could no longer cope with the task.

During that same period the provinces had to increase their revenues and instead of using the field of direct taxation which was opened to them, they invaded, through a legal stratagem, the field of indirect taxation which was prohibited to them under the constitution. In the province of Quebec, for instance, taxes on gasoline, which are indirect taxes, were levied as early as the 1920s, while the first provincial personal income tax which is a direct tax, was levied in 1939. Thus, during that period, every province widened the scope of its responsibilities and increased its sources of revenues without paying attention to the actions of the neighbouring provinces and of the federal government which was marking time anyhow. That was the era of coexisting federalism.

The depression of the thirties was to lead to the bankruptcy of that confederative federalism and the second world war was its finishing stroke. Confederative federalism had not solved the economic and social problems of that time but it had led several provinces to the threshold of bankruptcy.

The third phase of our political evolution, from 1940 to 1963, started with the second world war and was characterized by a return to central predominance. During the post-war period, when the hard times of the depression were still in everybody's mind and when the provinces did not have any inclination nor administrative capability to give leadership, the federal government assumed the new tasks of the welfare state in an attempt to deal with the problems that confederative federalism had not been able to settle. The tasks, briefly, were to promote industrial development, stabilize the economy at the level of full employment and set up a comprehensive system of social security. In order to carry on efficiently its new functions, the federal government thought it necessary to enjoy an exclusive use of direct taxation. That is why the wartime fiscal arrangements were extended, with some amendments. So the central government was, once again, in control of the economic and social activities of the country, acting alone or offering to share in joint plans with the provinces. We had thus come back to an inflexible trusteeship fed-

eralism wanted by the poorer provinces, tolerated by the rich provinces and where only Quebec was practising a passive opposition.

In my opinion, two very important lessons arise from our political experience and that of other countries having a federal constitution. The first concerns the distribution of functions between the various spheres of government. Not only is it desirable but it is also necessary for the sake of order to assign certain duties exclusively to one government or the other; however, it is impossible to set up a definite and comprehensive system of distribution of government responsibilities in a complex and changing society.

• (4:30 p.m.)

Federalism has to be adjusted constantly as the duties of the state change and its responsibilities increase. Every time such changes occur, the necessity arises of redistributing the duties between the different levels of government. Consequently, federalism is never definitely settled.

A tight partitioning of the duties of the state is also impossible. The existence of men living in society constitutes a well-integrated entity; we can, to be sure, make distinctions between various areas in the abstract and consider them separately, but realities do not permit such distinctions. Human problems, whether economic, social or cultural, are becoming increasingly indivisible and their necessary solutions are often beyond the limits set up at first.

There will always be matters of concurrent jurisdiction and problems, such as unemployment, which will require joint action by the governments in order to be solved in the best way possible. In other words, governments, within federalism, can rightly consider themselves as independent from one another in some fields, but in many others, they must consider themselves as interdependent, if they are fully aware of their responsibilities with regard to the common good of their citizens.

The second lesson emerging from our political evolution is that interdependence, however essential to federalism, has never been recognized until lately through a system of consultation and co-ordination of government policies. That is why in a great measure, our federalism has swayed from one extreme to the other, from a trusteeship system to a quasi-confederative system—an extreme gradually generating its opposite—without ever striking a happy medium.

It is precisely that middle point, that happy medium between trusteeship federalism and confederative federalism which is struck by co-operative federalism. This type of federalism could be summarized in three words: interdependence, consultation and co-ordination in fields of concurrent jurisdiction or in matters requiring joint action on the part of the governments.

The era of co-operative federalism was born in 1963. Since July of that year, five plenary federal-provincial conferences and several other special meetings were held. During that time, there have been nearly constant contacts between senior officials of both levels of government.

At the Quebec conference, it was decided to set up a federal-provincial tax structure committee. Composed of cabinet ministers and experts, the committee has been entrusted with the task of suggesting, on the basis of new government priorities, new ways of sharing the taxation fields. We have here a collective study that could very well lead us to entirely new approaches in a vital area of our federalism.

During the past two years, the organization of the Montreal world fair and the confederation centennial has been modified to ensure the full co-operation of all governments. The federal government's municipal loan fund has been established without infringing on provincial jurisdiction over local authorities. Finally, a contributory old age pension plan was set up with the best features of both the initial federal scheme and the Quebec program for the greatest benefit of all Canadians. There you have, in short, the first results of co-operative federalism.

Even if, essentially, co-operative federalism boils down to the idea of interdependence, consultation and co-ordination of some important government policies, it also has other characteristics. For instance, co-operative federalism must be associated with the idea of decentralization, in the present circumstances.

The provincial governments have considerably improved their civil service in the last few years; therefore, they are in a better position than ever before to face their own responsibilities. Besides, their will to assume those responsibilities themselves is stronger. From that standpoint, Quebec does not go against the general trend but is leading the movement. Finally, it could not be denied, two years ago, that the provinces had to get more revenues and that some of their responsibilities had priority.

Because of those various factors, and others as well, trusteeship federalism is a thing of the past and co-operative federalism, based on consultation and co-ordination between equals, would be impossible without decentralization. That is at least a concomitant to the establishment of a new federalism. What have we done in that regard in the last two years?

First, we have promoted justice and fiscal decentralization. As early as November 1963, by re-establishing the principle of equalization, we have repaired the injustice done to Quebec and to other provinces, as compared with Ontario, in 1962. Besides, the exclusive share of succession duties coming to the provinces has been increased from 50 to 75 per cent. Under a commitment made in April 1964, the provincial share of the personal income tax will be increased by 2 per cent in 1965-66 and by another 2 per cent in 1966-67. Finally, we gave another 3 per cent to Quebec to make up for the extension of family allowances, which had already been done in that province.

What do all those changes mean in additional revenue for Quebec in particular? If you take into account the extension of the technical training program, our province will receive approximately $300 million more, from 1964 to 1967, under the new federal-provincial arrangements made in the last two years.

We promoted fiscal and legislative decentralization in another important way. We gave the provinces the opportunity to opt out of joint programs already existing and entailing relatively stable annual expenditures and offered to compensate the provincial governments by increasing their share of direct taxes and equalization payments. That reform, approved in its first stage by parliament recently, will give a new direction to our federalism, will center it more strongly on provincial autonomy and will enable the provinces to assume their own responsibilities if they so desire.

The federal contribution to joint programs covered by the opting out formula amounted to approximately $644 million in 1963-64.

The province of Quebec, by taking advantage of this offer, will receive by way of compensation, besides deficiency and equalization payments, 20 per cent of the federal personal income tax in the form of an exclusive and additional taxation right.

That is an unprecedented measure of decentralization in our political history. Early in 1962, the portion of federal personal income tax that Quebec could collect while still avoiding double taxation was 13 per cent. In 1966-67, if we take into consideration the new fiscal arrangements and the implementation of the opting out formula, that portion will reach 47 per cent. With the equalization payments, it will go over 70 per cent.

With trusteeship federalism, the strength of the central government rested too often on the weakness of the provinces. With confederative federalism, the strength of the provinces rested on the weakness of the federal government.

I think we should avoid those two extremes which were detrimental to the interests of the Canadian people in the past. The decentralization movement which was initiated in 1963 is a sound one, for it announces the end of the trusteeship federalism. However, the new growing strength of the provinces should not rest on the weakness of the central government in its own fields of jurisdiction. Such an outcome would not be in the interests of Canadians who would sooner or later ask for a return to trusteeship federalism. A strong and prosperous Quebec more particularly needs a powerful and dynamic Canada.

That is why since 1963, the federal government has taken again the initiative at the international level and considerably increased our assistance to underdeveloped countries. We have put the monetary, trade and fiscal policies at the service of our industrial development, and, as a result, the Canadian economy presently enjoys a great development and unemployment has never been as low since 1957.

Finally, we are taking the necessary steps to strengthen the cultural institutions under our jurisdiction. As the chief editor of *Le Devoir* wrote on June 16, 1964:

> We want a federal state strong and articulate enough to ensure efficiency in our country.

And I would add: so that it may play its part fully and vigorously in our political system.

Co-operative federalism, which strikes a happy medium between trusteeship federalism and confederative federalism, is rejected by both extremes facing each other at present in this country, by both separatisms, English and French. But I am sure it will be accepted by all Canadians endowed with clear-sightedness and good will, who are the vast majority in this country, and that it will contribute to rebuild our national unity on a more realistic and more dynamic basis.

[*Text*]

• (4:40 p.m.)

Mr. Murdo Martin (Timmins): First, may I say how pleased I am that the Liberals and the Conservatives have finally relented sufficiently to give me an opportunity to speak, at my third try. I cannot help but wonder whether this is due to the benevolent influence of the visit we had today from the Mother of the Year. If this is so it would lead us to believe that whatever else we may say about Liberals and Conservatives, they still are for motherhood.

Mr. Winkler: What about you?

Mr. Martin (Timmins): Before turning to my main topic I should like to deal with something which was said the other day by the Parliamentary Secretary to the Minister of Finance, the hon. Member for Brant-Haldimand (Mr. Pennell). The remarks to which I refer appear on page 744 of *Hansard* for April 29 as follows:

> It would be most instructive, Mr. Speaker, to examine the consequences of the proposals contained in the subamendment. The proposal to raise the personal income tax exemption by $500 for single persons and $1,000 for married persons and to raise the old age security payments to $100 per month, would cost $1,150 million per annum. If the hon. Member intended that the $100 per month under the old age security was to be paid at age 65, as his party proposed in the last session, then the total national bill would be $1,790 million per annum.

Now let us consider the wording of the amendment moved by my hon. friend from Nanaimo-Cowichan-The Islands (Mr. Cameron).

> —by exempting from income tax all single persons with incomes up to $1,500 and all married persons with incomes up to $2,000 and by failing to raise the old age security pension to $100 a month.

I do not want to waste too much time on this, but I would say that in the light of these words and the interpretation placed on them by the Parliamentary Secretary one can only be led to assume that the hon. gentleman cannot read or, if he can read, that he cannot understand, or, if he can understand, that he has tried to distort their meaning.

Mr. Howard: I am inclined to believe the last supposition is correct.

Mr. Martin (Timmins): I believe the amendment is a simple one. It proposes that help should be given where help is most needed. As far as the other part, the part dealing with old age security, if the Parliamentary Secretary is wondering where to find the money for that, he need look no further than the Minister of Finance himself, because the Minister has told us that the old age security fund showed a surplus of $68 million last year and that a surplus of $240 million is predicted for the coming year. Last year the fund amounted to some $900 million. An increase of one third in this amount would provide the money required within the surplus projected by the Minister himself.

We find in "The Blasted Pine" some beautiful words which well describe the situation presented to us by the budget which the Minister of Finance has brought down. Just two or three lines.

> As bees on flowers alighting cease their hum,
> So settling on high places, Whigs grow dumb.

For the benefit of hon. Members who may be too young to be familiar with the word "Whigs", this is what gentlemen opposite used to be called before they became semantically progressive and called themselves Liberals. In any event, these lines were written by someone who knew those gentlemen very well, whether they go under the name of Whigs or Liberals.

To me, the most striking aspect of the present budget is the degree to which it shows just how rapidly Whigs grow dumb when it comes to progressive measures, or even to progressive talk. If we look back to the budget presented by the Minister in 1963 we find he talked then about a Canadian Development Corporation as an instrument of planning. I will not discuss now what happened to that budget. One year later we found that the Minister was still talking about planning but he had lost the instrument. Now, in 1965, we find no talk of planning whatsoever, but the Minister has come up with an instrument. It is an instrument which the Liberals used in 1949 when they sold Canadair. Now they are proposing to sell the Polymer Corporation along the same lines, though the Minister gave no details.

I should like the House to consider for a few moments what happened on the last occasion when the Government used this particular instrument. When we look at the record of the debates of the session 1953-54, volume one at page 223, we find that the hon. Member for Nanaimo-Cowichan-The Islands (Mr. Cameron) had this to say:

> What else has this Government done? It sold a very valuable business in 1949, which cost the taxpayers of Canada some $25 million. It sold that business to private interests for a total of $3,760,745. That has been one of this Government's contributions to the economic problems of today. I would remind you, Sir, that that plant, which was

sold in this light-hearted manner, for a small fraction of the cost to the taxpayers of Canada, was the property of these men and women who are living on incomes of $3,000, $2,000 and $1,500 a year. I suggest that all hon. Members should bear that in mind.

As I say, the Minister did not announce any plan. But, again, I think we should turn to *Hansard* at page 566. My hon. friend from Nanaimo-Cowichan-The Islands said:

> Now Mr. Speaker, you may say that this is all water under the bridge, that this transaction has taken place and there is nothing we can do about it. But it has this interest, I think, or should have for members of the House, that it should cause us to scrutinize with the utmost intensity any further sales of Government property. I say this because, despite the qualified denial given in the chamber last week by the Minister regarding the Government's intentions with respect to the Polymer Corporation, there are still rumours current throughout this city that the Government does intend at some future date to dispose of that extremely valuable and profitable piece of property of the people of Canada, and I think in the light of the history of the Canadair Corporation transaction we should be prepared to scrutinize it with the utmost care. I have come to the conclusion, Mr. Speaker, that our government has been acting the part of Robin Hood in reverse, because the owners of the property were poor people and the people who got it were very well heeled.

Just how valuable has Polymer been to the Canadian people? When we look through the reports of this Corporation we find that since that time, since 1949, this industry has paid into the Federal treasury in taxes and in profits between $180 and $200 million. This is the property the Government is prepared to get rid of. It would mean, of course that this money which is flowing into the Federal treasury would have to be found from some other source; it would have to come from the pockets of the taxpayers.

Mr. Godin: The industry would still pay taxes.

Mr. Martin (Timmins): Yes, but where would the profits go? It is just another sell-out, a return to the philosophy of the past under which business and industry are allowed to conduct their own affairs almost without restriction, a situation which has given rise to serious problems in this country from coast to coast.

• (4:50 p.m.)

What are the results of this indiscriminate, thoughtless way we have gone about our business over the years? We find that some of our biggest problems today are the water table levels in the Great Lakes and the St. Lawrence Basin; flood damage across the country; the erosion of valuable, irreplaceable land; pollution of lakes and rivers; slums in our cities and towns; sprawling suburbs on the outside of every city, completely cutting off recreational grounds and parklands from our citizens. Here we are with a brand new country to develop, and already we have our hands tied behind our backs because we are using half of our strength and wealth and everything else trying to correct the mistakes of the past, without being able to tackle the future.

How much of our energy and wealth today goes into trying to correct these ills of the past? Let us take a look at them. The Department of Forestry was brought into being for practically this sole purpose, because Governments of the past have permitted individuals and corporations to milk millions of dollars from our forest resources, leaving utter desolation behind them; and now we have to go back and pick up the pieces. This was followed, of course, in many areas by attempts to farm improper farmland that could never sustain farming. So we are met with pockets of poverty and degradation that we are going to have to cope with sooner or later. We have seen this put off and put off until finally it has got to the stage where it can be put off no longer. Our Department of Industry was instituted for practically the same purpose, to try and do something with the slow growth areas that are, again, a heritage of our past. The Department of Labour is trying desperately to cope with a situation where we have people flooding the labour market who have neither the education nor the skills to be absorbed back in industry. They are going to try and do something about that, again. There is the Department of Welfare, where so many of our older citizens and some of the more unfortunate ones have to trust themselves to the mercy of the various Governmental agencies that look after this sort of thing, or service clubs or the host of other bodies that are scratching around trying to do a job and not really accomplishing much.

How many Elliot Lakes have we got across this country, where millions and millions of dollars were squandered on a five-year contract, where people were enticed by the thousands to come in, and lost their homes and their life savings, while the companies and the industry were guaranteed their profit within the terms of that five-year contract? Now the latest word we have in the North Country is that to try and correct the mistakes of the past the Government are even going to try and steal the smelters, which

should properly go into the Timmins region, and put them into Elliot Lake to cover up for their past mistakes.

At the rate we are going it will only be a very short time before our whole budget will be required to try and correct the mistakes of the past. Right now we have to run like hell to stand still; and pretty soon, no matter how fast we run, we will be slipping back. And all because the growth and conservation and everything else was left in the past to the whim of individuals and the corporations whose only responsibility was to themselves and their shareholders, while the Government, which is supposed to bear the responsibility of the public and the country, have been taking this wealth that belonged originally to the people and have permitted individuals to make great fortunes out of it, leaving desolation behind them, and then calling on the people again to pick up the pieces and try and patch things up. This is the result we have after 97 years of Liberal and Conservative Government. This is the heritage we are faced with today. Each in its turn has evaded this responsibility to the country and the people of the country. Each of them has sounded very progressive when in opposition. I would suggest, Mr. Speaker, that a good idea for the people of Canda, before it is too late, would be to put them both in opposition, and when they both become progressive at the same time there might be some hope for this country in the future.

The Provinces today are showing far more leadership in this field than is our Federal Government. That is why today when you see agreements signed between the Federal Government and various Provinces you usually find they are what might be termed mutual agreements, with the Federal Government playing the part of a mute.

Mr. Regan: Mr. Speaker, would the hon. Member permit a question?

Mr. Martin (Timmins): Certainly.

Mr. Regan: Would the hon. Member agree that had policies on tax incentives and decentralization, such as have been brought in by this Government in the past two years, been undertaken by former Governments many years ago, the problems of having too many industries concentrated in one area probably would not have occurred? Would he further agree that had that been done at a much earlier stage, there would not have been the need for Provinces to get into the industrial promotion field to the extent that they have in an effort to overcome this lack of Federal policy in the past?

An hon. Member: This is another speech.

Mr. Martin (Timmins): First of all, Mr. Speaker, I am very, very pleased to see that there is a Member on the Government side who realizes just what are the problems that have accumulated over the years. As far as the faith that he shows in these particular measures is concerned, I am afraid that I cannot share that faith with him; because we had a great conference up in Timmins a little over a year ago about this new incentive business, and there was a lot of enthusiasm generated. It was an excellent meeting and was attended by people from many miles around. The last time I was talking to the representative from the Department of Industry I was told there had not been one single application come in; because once they went into the thing and really examined it, they found it was not really as good as it looked and they were not able to take advantage of it. This is part of the trouble with the measures that have been adopted today.

If we look across the country, Mr. Speaker, we find that the Provinces are showing some leadership in this field. In fact, I get quite excited today with the developments that are going on in the Province in which I was born and raised, the Province of Quebec. If they continue in the vein they have followed for the last couple of years, I would say that in five years time Quebec will be showing its heels to the rest of the country; because they are finally adopting measures that should have been adopted all across the country many years ago. We have an example in New Brunswick in the Bathurst region, which used to be one of the slow growth and depressed regions of the country. Now we see what can be done when industry, Government and the people work together.

But there is one other thing that surprises me, Mr. Speaker. This Government tries to tell us that we are living in a nuclear age and we find that we are budgeting something like $1½ billion a year, and have been for a considerable length of time, because we must maintain our defences in a nuclear age; but if they really believe that, why are they continuing to allow industry to cram into tiny areas in our country so they can be wiped out completely with one hydrogen bomb?

Mr. Deputy Speaker: Order. I regret that I have to interrupt the hon. Member, but it is five o'clock.

Mr. MacNaught: Mr. Speaker, if I could have the unanimous consent of the House, I would suggest that the private Members' hour be waived for this day. I understand it has been cleared with the leaders of the various groups and they are in agreement, and it has also been talked over with Members whose private bills might come before the House at this time. Therefore I suggest that private Members' hour be waived for this day.

Mr. Deputy Speaker: Is there unanimous agreement for the suspension of private Members' hour this afternoon?

Some hon. Members: Agreed.

Mr. Lambert: Without prejudice.

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I wish to point out that in spite of the position taken last night on the occasion of the division, by the party in power and the official opposition, we agree to the suspension of the private members' hour this afternoon.

[*Text*]

Mr. Martin (Timmins): As I was saying, Mr. Speaker, while we on the one hand budget $1½ billion a year because we are supposed to be living in a nuclear age, on the other hand we pay no attention to this fact as far as our industrial development across the country is concerned.

• (5:00 p.m.)

I find this very difficult to understand. I do not understand why more thought for the future, and even for the present, has not been directed toward this particular problem. I cannot understand why we have not embarked on a program to encourage industry to build in areas where the resources exist. Surely they should be encouraged to create a nucleus of industry throughout this country in those areas where the local conditions are suitable.

As an example of what I have in mind, Mr. Speaker, let me remind hon. Members of the tremendous discovery in the Timmins area by the Texas Gulf Sulphur Company. Located in this area are all those things necessary for the development of a great industry. First of all, there is the tremendous ore discovery which would supply an industry with copper and zinc ore for the next 50 to 100 years.

[Mr. Martin (Timmins).]

Natural gas is available in the area as well as tremendous hydro power and an ample supply of water. In spite of these things, there is still a lot of dabbling taking place in respect of the construction of a smelter some 500 or 1,000 miles away.

Some leadership should be given by the Federal Government so that when a discovery of this kind occurs these people would know automatically that this Government's and this nation's policy is that the industry should be developed in the area of the resource. Not long ago I was talking to a Member on the Government side of this House who indicated that he had visited the Sept Îles area and was almost sick when he saw trainload after trainload of raw material being taken out of this country to be processed in the United States or some other place, providing many thousands of jobs in those areas. The same thing is taking place in the Kirkland Lake area as a result of the development of the Adams iron ore mines.

Mr. Moreau: Would the hon. Member permit a question?

Mr. Martin (Timmins): I am afraid that I only have a few moments left at my disposal, but I will be prepared to answer your question after I have completed my remarks.

We must realize that if we are going to do a job of this kind we must change our ideas. We must change our policies, such as the policy which has been in existence for some time in this country in respect of transportation. In this regard the taxpayer reaches in one pocket to subsidize the transportation of raw material, and in the other pocket to pay a superficially high price for the finished product. In other words, the taxpayer is paying to ship the raw material out, and paying to bring the finished product back in.

Such a policy may work satisfactorily in isolated areas where there is only a small amount of raw material which would not ordinarily be developed without the benefit of a transportation subsidization. At the present time such a suggestion in respect of the resources in the Timmins area would be considered as idiotic. No one would contemplate that it would be more economical to ship out that raw material by rail or by road, in spite of the transportation policy in this country.

Let me make it perfectly clear that I am not advocating that the companies that make these discoveries in our country should be throttled. We should recognize the principle that these companies should be allowed to

recover their exploration costs. They should also be permitted to make a reasonable and good profit. It should also be apparent to them, however, that the policy of this country is that these discovered resources must be developed in the best interests of the citizens of the discovery area, and of the country in which they have been found.

The Government must provide leadership in this regard. There is nothing whatever in this budget which gives me any encouragement that the Government has considered this idea, or realized the benefits of it and is prepared to carry it out. In fact, in view of all the economic circumstances which now exist in this country, it is my opinion that a Government which brings in this kind of budget at this time in this country should hang its head in shame.

Mr. Moreau: Would the hon. Member now permit a question?

Mr. Pennell: Mr. Speaker, I rise on a question of privilege. During the course of the rather interesting remarks of the hon. Member who has just completed his speech, some suggestion was made that I may have attempted to distort the facts. I should like to place on record the statement that I have never had a design at any time to distort any facts in this House.

Mr. Peters: You just succeeded by accident.

Mr. Martin (Timmins): In answer to that statement, Mr. Speaker, let me say that I proposed three choices. The hon. Member either did not read the amendment or did not understand it. That leaves only the other alternative, which is distortion.

Mr. Pennell: Mr. Speaker, I respectfully submit that the hon. Member converse with my good friend, the hon. Member for Nanaimo-Cowichan-The Islands (Mr. Cameron). I am sure that if he does so he will understand clearly why I did not interrupt him during the course of his remarks.

Mr. Moreau: Would the hon. Member not agree that the iron ore deposits in Labrador would not have been discovered except for the fact that there was a tremendous market in the United States for that ore? I am suggesting to the hon. Member that if the United States steel mills had not invested and explored in that area, that development would not have taken place.

Mr. Martin (Timmins): Mr. Speaker, in answer to that question let me state that the development was not carried out by United States iron or steel companies, but by the Hollinger mining concern with the money that it made in the development of the gold mining industry in the Timmins area.

Mr. Jack Davis (Parliamentary Secretary to the Prime Minister): Mr. Speaker, I should like to begin my participation in this debate by complimenting the Minister of Finance (Mr. Gordon) upon his remarkable achievements over the past few years. Since he became the Minister of Finance he has managed to balance the nation's financial budget. He has changed the financial picture from a deficit of as high as 10 per cent to a balanced account. Shortly before he assumed his portfolio the Government was spending $110 for every $100 it was receiving, but during the past year he has been able to bring this situation close to the balancing point. If one is at all optimistic about the next year, more optimistic than the Minister of Finance was in his tentative forecast, he will also see a balanced budget for 1965.

It is not my intention to deal with the subject of a balanced budget because that is a secondary consideration. A balanced budget gives confidence to the business community and in respect of our international monetary affairs, but it is secondary to our over-all economic growth.

Unemployment during the last two-year period has been cut in half. That in itself is a remarkable achievement and one which is even more important than the balancing of a budget. Also in terms of our economy we have seen a remarkable rate of economic growth. There was an increase of something of the order of 2 per cent a year in the late 1950's and early 1960's, one which barely kept up with population growth. This rate of growth has been increased to approximately 6 per cent per annum. This is the kind of growth rate that we should maintain.

The Economic Council of Canada has indicated the desirability of maintaining a growth rate over a long period of something of the order of 5½ per cent, in order to maintain an increase in labour demand which will accommodate the young citizens of this country who come of age and require jobs. This is something which must be considered in assessing the longer term factors influencing economic growth.

During the remaining time available to me this afternoon I should like to direct my remarks toward the longer term outlook, and to concentrate particularly on scientific research and development. The scientist in his laboratory looks ahead for a great many years. He cannot expect the result of his efforts to be of any significant financial advantage to his employer within months, or even years. In other words, the investment in his time, and the plant and equipment he uses is predicated upon longer term expectations.

In this country we must specialize because of the relatively small size of our population and because, at least for the time being, of the relatively specialized nature of our industry. In the area of scientific research and development we should specialize as well.

• (5:10 p.m.)

In the current budget, there are measures of tax relief which will apply generally throughout our economy. These are measures which have the character, if I may use the phrase, of a shotgun approach to the stimulation of research and development. That is part of the necessary arsenal, but I also believe we need a few rifles as well. We need a specific approach to complement the shotgun approach of general tax concessions for research and development. In other words, we must also specialize in respect of Government support for research and development.

It used to be loosely said that the main factors promoting growth were land, labour and capital. By "land" was meant those resources which went along with the effort or musclepower of mankind and money. But today most economists agree that what is needed is more than that. We need resources, labour, although admittedly small amounts, and capital or money, but basically we also need ideas. Ideas are the fourth major element of economic growth. Indeed, ideas in the sense of research and development, the stimulation of new ideas and the production of new products and the creation of new and more efficient processes, are more important than man's physical effort. They are beginning to be regarded as more important than new capital in the sense of machinery and equipment. They are beginning to challenge even our basic resources such as forests, minerals, land and so on as the most important factor generating long term economic growth. So I should like to suggest that the industry of ideas is perhaps more important to us than any factor of production in this country, other than the raw resources. Indeed it is challenging the value of the resources themselves.

We in this country have very few people and consequently we have to try to magnify their importance by generating more ideas and easing the flow of ideas between ourselves, between corporations, between Government and industry in this country. This must be done to increase our long-term rate of economic growth, to make it of the order and magnitude which has been anticipated and set as a target by the Economic Council of Canada.

In addition to the flow of ideas I should like to stress the need to direct this effort in producing more ideas. I have suggested it should be directed in a more specialized fashion, perhaps in some cases toward resource development, certainly toward development in industries which have already shown some indication of success. In other words, we should reinforce success. The Government, as does private enterprise, should consciously direct its research effort more toward those activities in which we have already been successful in the hope and, indeed, the expectation that we will be more productive with the passage of time. We must manage these research and development activities.

One of the great problems in respect of research and development is compartmentalization. A scientist shuts himself off in a laboratory and he stays to himself. He may generate ideas. He may even communicate with other scientists at great distances and they may have what they regard as a useful exchange of information. But this does not necessarily benefit those around them, certainly those engaged in the production of useful goods and services in their immediate vicinity. We need more communication between the scientist and the development engineer, and between them in turn and those responsible for production. There should also be more communication with those responsible for selling the product and those involved in financing, in getting costs and prices down and expanding output. In other words, the problem common to management of large corporations, of communication between basic research on the one side and increased sales and profitability on the other, must be met. We must try to do this in Canada. We must try to do it in an over-all sense. We must also break down the very obvious and, I think, flagrant compartmentalization between Government and industry in this country.

Much of the research that has been done in Canada has been useful but it has been of the nature of basic or fundamental research. We in this country have specialized much more in basic and fundamental research than is the rule in more industrialized countries, certainly industrialized countries like the United Kingdom, West Germany and even the United States. They have applied the results of basic research but we have not been able to do so to the same extent.

Of our Federal outlays more than 80 per cent go into Government establishments of one kind or another. These Government establishments are rarely in direct communication either with our universities or with industry. It is because of this preponderance of effort in Government establishments, in what are usually called "in house" activities, departmental activities, N.R.C. activities and so on, and the lack of effort and the lack of financial assistance flowing from Government to industry and to the universities for research purposes, that we have failed to distinguish ourselves in the field of applied research—particularly in those fields which would inevitably result in a higher rate of economic growth.

This can be shown in reverse. I think one could even expand it into a tangible recommendation for a research policy. One need only look at the geographical development of research and development activities in a large country like the United States to indicate what should be done. In the most successful research and development complexes you need a university, preferably more than one; you need a government research establishment, preferably several in close proximity to the universities; and you certainly need science based on research and development conscious industries in close proximity to the universities and government research establishments.

There is one such complex in the Boston area. This is the most desirable type of development with universities, government research establishments and research conscious industries all in close geographical proximity one to the other.

Next in line, but less likely to spin off new products, are centres like Ann Arbor, in Michigan, where you have a university or universities and research conscious firms in close alliance with the graduate study departments and faculties of those universities. There are other developments in other places where government research laboratories of quality have been established in close contact with industry, but for the greatest likelihood of success you need all three. You need universities, government research establishments and industries exchanging ideas one with the other.

In Washington, D.C., there are government laboratories and defence based industries. In Ottawa, Canada, as the result of large Federal investment in laboratories in this city we are beginning to see some science based industries. Those in the electronics field are good examples.

So far as Canada is concerned, as well as following the shotgun approach of tax concessions and grants generally to all industry in respect of research and development, I think we have to decide to promote centres of excellence, similar centres of intensive research and development activity in Canada. At the outset there will not be a very great number. We only have one or two at the present time. We also have to decide how we will specialize in each of them, perhaps a complex with emphasis on forest products research and development in one area, mineral processing in another, oceanography in a third, agriculture in a fourth, medicine in another, and so on.

This specialization is necessary because of our relatively small population and our limited financial resources. It is also necessary because of the basic economics of communication. Ideas which are generated in the universities, in the government laboratories, and in energetic firms with regard to new product development must be kicked around frequently. The opportunity to discuss them and take advantage of the most profitable must be present. It will only come about as the result of winnowing through innumerable ideas and inventions, many of which will never be productive in the commercial sense of the word.

I should like to say a little bit about management in research. Research is like everything else. It costs money and a vested interest arises in continuing that research. Personnel become wedded to the idea that some development will eventually materialize, regardless of the lack of current success. It is, therefore, necessary to bring some of these efforts to an end. Certainly, after five or ten years of frustrated effort other projects should be put in their place.

• (5:20 p.m.)

There are techniques being developed, certainly in private enterprise, for determining when ideas should be pursued, how long they

should be pursued, when they must be cut off by drastic surgery if necessary and when other more productive research undertaken. One type of analysis referred to generally by economists as benefit-cost analysis is sometimes applied. Simplified, it may be put in these terms: What is the hoped for benefit? This might be put down in one column in financial terms, that is the benefits listed out over the years. In another column, you list the annual costs. If total benefits exceed total costs, it is conceivable that you go ahead with the project. However, the benefits must exceed the costs in a ratio which reflects the probability of this experiment coming off. Indeed regard must be had continuously to the possibility of this particular research and development paying its way and, as an alternative, the possibility of paying royalties and getting others to supply the knowledge or know-how must always be kept in mind.

Canada has grown largely as a result of technological developments in other parts of the world, and our willingness to import these ideas and put them to work in a practical way in this country. I hope we will continue to do this, and continue to do it on the largest possible scale. So, in respect of our own research and development efforts, we must frequently look over our shoulder and consider the possibility of paying royalties to others to supply this technical know-how rather than paying the cost of our own developments. A decision must be made based on the intimate knowledge of the prospects that are immediately before us. These checks and balances, therefore, should exist. Indeed they must exist in respect of our more massive Federal Government programs. I would suggest that this approach be applied soon to atomic energy in this country. We should take a good, hard look at a program which requires $50 million a year from the Canadian taxpayers, more than $2 per capita, more than $6 per family per year, which is a big investment in research and development in any enterprise. This is big league, to say the least. It is an enterprise in which other more financially competent countries, are engaged. It is this type of analysis which we must apply, not only toward big programs but lesser programs. This is the type of analysis which private business must apply in respect of research and development. I suggest more of this hard-headed type of approach should be applied to government research and development, and if it is it will release more money for Canadian development in the years ahead.

I want to say a brief word about the new Science Council of Canada. We have, if we are following my reasoning, to pinpoint some of these major areas of development and not simply rely on the general tax incentives. We need advice here. I say "we" and I mean both Canadian industry and the Canadian Government. We need to have at the Government's elbow, and periodically releasing reports, an advisory committee like the Economic Council. And our Science Council should be made up not only of representatives of Government, but even more important, knowledgeable people in research and development from universities and from business.

Mr. Orlikow: Are they going to have more money, or is it just talk?

Mr. Davis: This Advisory Council, drawing on its scientific knowledge, should be making recommendations as to what is technically possible. Meanwhile the Economic Council should indicate what research is likely to be economically profitable, to pinpoint the types of development, which should be curtailed and which types of research and development should receive assistance from the Federal Government.

Mr. Orlikow: Would the hon. Member permit a question?

Mr. Davis: We should also decide which should receive assistance from Provincial Governments because we have in this country the problem of compartmentalization and a lack of communication between our several levels of Government as well. I trust that the new Science Council of Canada will perform these functions.

We already have in being a Science Secretariat, and that Secretariat will be the Secretariat for this Advisory Council. This Secretariat will work in close concert not only with the Economic Council in respect of economic judgments governing scientific endeavours, but also with Treasury Board in respect of other priorities.

Within Government each department, in my view, should have its own scientific group. This is particularly necessary in areas like Agriculture, Mines and Technical Surveys, Forestry, Fisheries and so on. This is not altogether agreed upon in other countries. In the United Kingdom at the moment they are withdrawing what technically I might

call scientific divisions or groups from other departments, and putting them into two newly established departments.

There has been recently constituted a new department of education and science and a new department of technology. The basic research activities and information activities go to the department of education and science. All other technical research and development go to the department of technology. In my view, this is a retrograde step. I think that scientists who are specialists in agriculture should be in the Department of Agriculture. I think scientists, like economists, should be distributed amongst the departments. Those who specialize should make their specialized knowledge available to the departmental officials responsible for administration and policy. Each Minister, in turn, will be better advised from a purely scientific point of view.

This raises the awkward question of co-ordination. It raises the awkward question of priorities. This is where the new Science Secretariat, advising the Science Council, can make its major contribution. It is interesting to note that in the United States, particularly since the late President Kennedy's election as President, there has been a science advisory council established there. Indeed, it is loosely referred to in Washington as the "inner sanctum for science". The President's scientific adviser is very close to the President. He has a small staff of 19 members. These men are men of broad experience, not necessarily scientists and certainly not practising scientists, but men with a general understanding of the usefulness of science. These men each cover broad general areas. In respect of water resource development, for instance, there is one man who looks at all scientific matters relating to water. He draws information from a great many departments—agriculture, the interior, the United States Corps of Army Engineers which is responsible for flood control, navigation and so on. This information is co-ordinated and priorities are established. They are established, first, with regard to the technical possibilities by this science secretariat and the last judgment is made by the bureau of the budget which, after getting advice from this scientific advisor decides which of these research and development activities shall proceed and which shall not.

• (5:30 p.m.)

I think in Canada the time has long since passed when we could do without a Science Council. We have had councils of different types allied with the National Research Council. Initially they were set up to take a broad look, not only at Government activity but at research activity in industry as well. But they have tended to focus onto basic research, and in particular the activities of the National Research Council. They have not performed the function of co-ordinating and setting priorities, which the new Science Council will be asked to do.

It will use this permanent Science Secretariat which is being built up at the present time. This will be its staff, and the Science Secretariat at the same time will on occasion be the science staff for the Economic Council, and more particularly for the budget making officers in the Canadian Government.

I have referred very briefly to the organization of scientific matters in the United Kingdom and in the United States. In Sweden there is one central advisory council. The Prime Minister is the honorary Chairman of that council. This indicates that country's determination to make science and technology a subject of intimate knowledge to the top political level there. This has been eminently successful, and it parallels the recent United States practice.

It is at variance, however, with the current practice in the United Kingdom where basic science is being compressed into one department, technology into another department, and all other departments are left high and dry so far as an intimate knowledge of scientific affairs is concerned. I think Canada must avoid such a course.

Again I stress the need for communications. This is basically the industry of ideas. These ideas have to flow between people in different activities, in research, industry, sales and finance. They have to flow between governments and different levels of government, and hence communications are very important.

We need direction in the sense of specialization, particularly in a country like Canada, with a limited population and limited financial resources. We need specialization, not only backing up our more successful and profitable resource industries, but those of our industries which, because of tax and other assistance, show success. We need specialization in areas of development such as this which, because they have shown we can break through and lead the pack for the time being, can stand further encouragement and provide more income and employment for this country.

As to the particular Minister to whom the Science Council should report, I am not so certain. It could report for the time being to the Prime Minister. It could report to the President of the Treasury Board, as recommended by the Glassco Commission. But this Science Council must certainly have a loud voice in Cabinet. It should have through that Minister, whether he be the Prime Minister or one of the other Ministers, a Minister who in effect acts as a sort of spark plug not only with the Government but in setting policy with respect to research and development in industry as well.

In this country, and indeed throughout the world, we are seeing time being compressed and space being compressed. We are seeing the industry of ideas growing at a rapid rate. Research and development is growing at an annual rate of 10 per cent in the United States. In this country we will do well to keep our expenditures on research and development rising at that rate. We must not emphasize, however, too much of the Government approach.

We need more activity in industry, in the applied fields, and particularly in universities, and it is in these second and third areas we need the greatest effort. There the annual growth rate in respect of research and development must be more like 25 per cent. This is the figure to which the Minister of Industry (Mr. Drury) referred recently, in respect to hoped for private industry investment in research and development—25 per cent. These, then, are some of the targets.

I compliment the Minister of Finance upon his general approach in respect to tax measures designed to encourage more research and development. This is the broad shotgun approach. But we still need decisions which focus upon specific industries, specific areas, and specific products. This more specialized approach, this rifle aiming approach, will be necessary in order to supplement our great effort in research and development.

In other words, I have been advocating a two pronged approach to research and development. If we take this course, and the Minister of Finance, the Minister of Industry and the Ministers responsible for all our other resource industry departments cooperate, we will achieve some of the economic targets which the Economic Council sets out for us in the years ahead.

Mr. Orlikow: Would the hon. Member permit a question? Could he tell us what the Science Council or the Scientific Secretariat should do to bring to the attention of the Government the fact that medical research funds, which have been coming from the United States, have been cut very drastically in the last year, and that the Medical Research Council has not been able to come anywhere near meeting the reductions that have been made, with the result that a large number of research people in Canadian universities will have no alternative but to move to the United States this year?

Mr. Davis: Certainly I think the Science Council of Canada should be concerned with the amount of moneys forthcoming to support research, be it basic research or applied research, be it in fields like chemical engineering or medical research. These deficiencies will continue. However, the Science Council will make us more aware of these deficiencies than has been the case in the past.

I know the Minister of Finance has been struggling with this particular problem and I hope he will be able to give us some answers soon.

Mr. Orlikow: As a supplementary question—

Mr. Deputy Speaker: Order. The hon. Member's time has expired.

Mr. Heath Macquarrie (Queens): Mr. Speaker, many things have been said about the Minister of Finance (Mr. Gordon), some complimentary, others not. I would like to compliment him in one field in that he has driven more of his colleagues to the path of classical quotations and allusions than any other Member of the House. I have heard many people quoting the expression that the mountain was in labour and brought forth a mouse. I notice the hon. Member for Pictou (Mr. MacEwan) used a version of it from Horace last night.

Following in that vein I went back to read Phaedrus, and his version was as follows, "The mountain was in labour sending forth dreadful groans and there was the highest expectation throughout the region, but it brought forth only a mouse."

I recall the speculation in the press about what was going to happen, and comparing it with the reality I can understand why our colleagues headed in this direction. I found nothing in this afternoon's discussion from the opposite side which would lend support to the view maintained by the Minister of Trade and Commerce (Mr. Sharp) that this document would make a good election budget. I

do not know if he is unique in that point of view, or whether this is one of the times when it is not popular in that quarter of the House to suggest elections—this prompts me to recall another allusion to another great classical day, the time Horatius maintained the watch on the bridge. I remember this reference to the forces across the Tiber:

> But those behind cried forward
> And those before cried back
> And backward now and forward
> Wavers the deep array.

The Minister of Forestry (Mr. Sauvé) has been talking about the old guard and the new guard. Perhaps it is not that in the Liberal Party, but a rear guard and a front guard. The rear guard wants to go forward and the front guard wants to go back. I do not know; it is not for me to decide.

I notice one place in the budget address where the Minister of Finance came very close to modesty and suggested that there were some questions for which he did not know the answers. I refer to his statement at page 432 of *Hansard* for Monday, April 26 when he said:

> It is evident, however, that more needs to be done in financing higher education in Canada, though just what should be done and in what way are unresolved questions.

• (5:40 p.m.)

This is a statement of invitation for suggestions, and some hon. Members of the House have put forward very useful and helpful suggestions. The seriousness of the subject cannot be overestimated. As the Minister of Forestry said in his famous Bowmanville speech, "Education was and still is the key to everything else." To that part of his speech I subscribe completely. Much more must be done in all the categories which the Minister mentioned on budget night—technical and vocational training—(that great project of the ingenuity of the hon. Member for Ontario (Mr. Starr)) university grants, loans to C.M.H.C. for building student residences and grants for scientific research. Much more must be done in all these fields. We all recognize this. The figures setting out what we are doing are seemingly large, yet they amount to only about one third of 1 per cent of the total of our federal spending.

One field is open to immediate improvement. There should be a quick alteration of the figure relating to university grants. It will not be necessary to await the Bladen report or anything else. The grant per capita must be raised from $2 to $3 to bring it somewhere near modern needs. I was impressed by the speech of the hon. lady from Saskatoon (Mrs. Jones) the other day. She drew attention to something that is very important, namely that university grants are geared to the population of the country, which grows by about 2 per cent a year, while university expenditures are related to the university population which is soaring at the rate of 11 or 12 per cent a year. The figures with regard to this are challenging. Grants in 1962-63 amounted to $26,300,000. In 1964-65 they were $27,264,000. This does not represent a substantial rise because these amounts are geared to population. However, the number of students in the universities rose in that period from 88,751 to 113,111, so the amount per student actually declined from $297 to $241 a year.

I have a brief statement here, Mr. Speaker, showing figures for all the Provinces. If I were to be given unanimous consent to have this inserted in *Hansard*, it might be helpful.

Mr. Deputy Speaker: Is it agreed that the table referred to by the hon. Member should be inserted in *Hansard* as part of his speech?

Some hon. Members: Agreed.

Mr. Macquarrie: Thank you, Mr. Speaker.

[*Editor's note: The table referred to above is as follows:*]

CANADIAN UNIVERSITIES FOUNDATION
UNIVERSITY GRANTS PROVIDED FROM FEDERAL FUNDS 1962/63 TO 1964/65
($2.00 per head of population)

Population (DBS) 1961 12,941,410 1962 13,165,000 1963 13,389,000 1964 13,632,000

	Grants			Students			Amounts per student to nearest dollar		
Province	1962–63	1963–64	1964–65	62–63	63–64	64–65	62–63	63–64	64–65
B.C.	3,318,000.00	3,390,000.00	3,476,000.00	15,159	16,516	17,958	219	205	194
Alta.	2,740,000.00	2,810,000.00	2,864,000.00	9,379	10,446	12,517	292	269	229
Sask.	1,860,000.00	1,866,000.00	1,886,000.00	6,907	7,652	9,456	269	244	199
Man.	1,870,000.00	1,900,000.00	1,916,000.00	7,583	8,516	8,892	247	223	215
Ont.	12,684,000.00	12,896,000.00	13,172,000.00	35,185	39,964	46,778	360	323	282
N.B.	1,214,000.00	1,228,000.00	1,234,000.00	4,892	5,143	5,759	248	239	214
N.S.	1,492,000.00	1,512,000.00	1,520,000.00	6,943	7,505	8,297	215	201	183
P.E.I.	212,000.00	214,000.00	214,000.00	705	734	802	301	292	267
Nfld.	940,000.00	962,000.00	982,000.00	1,998	2,244	2,652	470	429	370
									National average:
Totals:	$26,330,000.00	$26,778,000.00	$27,264,000.00	88,751	98,720	113,111	297	271	241

Mr. Macquarrie: I hear one of my hon. friends suggesting I should table the whole speech. However, I believe that is a refinement confined to the House of Representatives in the United States. Whether or not they accomplish more there than we do in this Parliament I do not care to investigate, in case I should arrive at a conclusion which is not favourable to us.

The problem to which I have referred is an urgent one and I am glad so many hon. Members have mentioned it during this discussion. Even the Minister of Finance (Mr. Gordon) referred to it. We in the Maritimes face it in a particularly acute way because so many of the students at our fine institutions come from parts of Canada other than the Atlantic region. This shows their good judgment, but it leads to severe demands on the administrators of our universities. Nova Scotia has been referred to by the hon. Member for Digby-Annapolis-Kings (Mr. Nowlan). We in Prince Edward Island require an immediate expansion of our facilities because we, too, are facing a serious problem. I should like to suggest that a special program of assistance for the Maritimes based on the same kind of thinking that went into the Atlantic Provinces Adjustment grant in 1957 should be put forward in relation to this important field of human resources, the training of our young people. This would be an *ad hoc,* interim step. Then there should be further moves to bring the full strength of the nation into this drive to develop our human resources. I am sure the people of Canada are pragmatic and practical enough to be able to find the means of massing the resources of the nation on behalf of education without any painful trespass upon Provincial rights. I am told the opting out formula, about which there has been much discussion and misunderstanding, might be adapted as a useful vehicle for this vital operation of national self-help for, as the President of the University of Toronto, the second greatest university in Canada, said in Halifax the other day:

> These are days when abnormal growth without adequate nourishment may lead to a pernicious intellectual anemia that not even the splendors of the Expo ('67) can conceal.

This I believe was before the torch was put out.

I said earlier that my speech like Gaul would be in three parts. I should like now to refer to something the Minister said early in his speech with reference to the Govern-

ment's economic objectives, as the hon. gentleman called them. To use his words, "we wanted a better regional balance in both employment and growth". I say to him, or I would say to him if he were here, that he has no reason to assume that this has been attained. Far from it. In the Atlantic region of Canada unemployment is twice as high as it is in the rest of Canada, and our per capita income still lags about one third behind the rest of the country. The latest D.B.S. figures show that as of February 20, 1965, the unemployment figure for the Atlantic region was 13 per cent. In the previous year it was only 12.7 per cent. Thus, while there was a decline nationally the figure for our region actually rose in the one year period. The latest statistics we have show the figure for all of Canada, the Canadian average, standing at 5.6 per cent. Incidentally, this compares not so favourably with the 3 per cent to which the Secretary of State (Mr. Lamontagne) referred this afternoon as being one of the goals, and a good goal, of the Economic Council. However, the national average is 5.6 per cent, while unemployment in the Atlantic region stands at 13 per cent. It is in this light we should consider the statement that "we wanted a better regional balance in both employment and growth."

Are we in the Atlantic region to accept a situation where one in eight of our people are to be considered as chronically unemployed, with no hope but to move to other areas such as Toronto where the figure is 3.1 per cent? I have not heard lately whether the Minister still believes, as he did when he put forward the report of the Royal Commission on Canada's Economic Prospects, that our travel to one of these better-off areas should be subsidized.

I submit that in Prince Edward Island this Government has done things which have been positively harmful to the employment situation. The closing of H.M.C.S. *Queen Charlotte*, a fine new building, naturally had its effect. The drying out of sub-contracts for the Enamel and Heating plant in Charlottetown caused unemployment which was significant and painful to that city and the surrounding areas. I notice that even in the realm of administration we are losing employment, jurisdiction for lighthouses in the Charlottetown marine district having been transferred to the Newfoundland district. We require now, as we have done for some time, massive help and a higher priority than has been given since the days of 1957 and 1958 when special grants were made available, when special interest was taken in a part of the country that had long undergone economic disadvantages, many of them resulting from the location of the region, and many indeed from Confederation itself.

• (5:50 p.m.)

The Government and the Prime Minister are sometimes criticized for imitating the Americans in their war on poverty. I do not think we need worry about such imitations; we have been doing it for a long time. I would suggest that they imitate them still further, launch something like the Appalachian blitzkrieg, and try to deal with some of our long standing, Atlantic economic injustices. In a spirit of helpfulness, Mr. Speaker, I will suggest one or two things which they might do. I would suggest that they start moving surely, swiftly and authoritatively by way of an announcement and commitment in regard to the construction of the Prince Edward Island causeway. I would suggest that they start moving, too, on the corridor road, which would do a tremendous job in improving—

Mr. Francis: Mr. Speaker, would the hon. Member permit a question?

Mr. Macquarrie: I think the hon. Member realizes the hour, Mr. Speaker; but when my time is up I will be delighted to entertain his question. I think it is known how much the corridor road would do to diminish our transportation difficulties. The State of Maine is interested, the Province of New Brunswick is interested, the Province of Quebec is interested. Would it not be a helpful thing if some agency of the Federal Government showed some interest? Perhaps even a royal commission could be appointed, since there is such a proclivity toward such activities.

I say, too, that we must take some action in the Maritimes with regard to the small farming areas. I think these areas of the Maritimes are, as I have stated, ideal for an expansionary and imaginative program under ARDA. Let us put this into action. I would make a practical suggestion. The Minister made reference to it the other night in connection with the storage facilities for grain, and it is to be found at page 436 of *Hansard*. Those who grow grain are important. Those who grow potatoes are also important. They, too, build storage facilities. They, too, could be given the same kind of useful consideration that was mentioned. That will be helpful to the in-

dustry, and I would suggest that this consideration be given.

If the hour were not so advanced, Mr. Speaker, I would give the Government many suggestions, because I do not believe in keeping good ideas to our own side of the House. Since I am long in faith and perhaps shorter in experience, I send them over in the hope that they will be acted upon. It is easy for Maritimers to talk about Maritime rights; we have done it for so long—but any nation is only as strong as its several parts. Confederation was many things; but one that it was, surely, Mr. Speaker, was the sharing of advantages and disadvantages, economic and other kinds. All our disadvantages do not stem from the Act of 1867, or 1873 in the case of my Province; but some of them do. I say this, not in a partisan sense at all, but the people of our region gained new hope in 1957 when in this era efforts were made by the national Government to redress century-old wrongs, to turn the attention of the whole nation to one of its parts which required special consideration, if only under the concept of long-delayed justice.

Perhaps, although we Maritimers are very wise, so other people say, we lost some of our initiative in the early days, when I consider the way in which we who were in at the very beginnings saw the expansion of all the other Provinces up into the vast northland and we, whose boundaries were complete at the time, sat by and let this happen. Indeed, if one would look at the map of 1867 he would see the boundaries of the then four Provinces; and if we look at what has happened since then we might find that from geography would come a lot of political and sociological truths that we should have seen long ago. It is very rarely in this House of Commons that anyone has ever looked upon this. We talk about the resources and the development of the North, but our people were also involved in the development of these things. So when we asked for subsidies, when we asked for considerations such as those that were given in 1957, we approached the national Government, not as mendicants, not as suppliants but as people who saw in the Confederation process a constant need for readjustment, for a new look, for rearrangement, for the old fashioned word that seems not so popular now—equalization —and a recognition of fiscal ability and fiscal need. These were the kind of things that were talked about in the days of the Rowell-Sirois investigation. Now the cliché seems to be co-operative federalism, which is interesting and important, if we all know what it means. I say it is the role of the national Government to move courageously and wisely to bring about something like economic equality of opportunity for all Canadians.

[Mr. Macquarrie.]

There is one final, very important part of my talk, Mr. Speaker. No nation can be strong economically if it is weak politically. Economic institutions are grounded upon the political institutions, and it is only right and proper that Members, such as the hon. Member for Brome-Missisquoi (Mr. Grafftey) and others, should look in this debate at some of the great questions facing our political institutions, and into our political society itself. We live in an era of the denigration of Parliament, of excessive Provincialism, of uncertain and lacklustre national leadership. The B and B Commission talks about a crisis in our relations. Many Canadians are genuinely concerned, the thoughtful ones at least, as to whether the cohesive forces in our country are sufficient to hold us together; and they would be very imperceptive if they were not concerned. It requires that we look at the national scene, that we look at our problems and that we do not anaesthetize them by platitudes on the one hand, nor on the other scarifying them or irritating them by chauvinism or sectionalism.

Many of us have been greatly stirred, greatly encouraged, by what is referred to as the social revolution in the great, old Province of Quebec. Many of us, too, have seen the increased voice of Quebec's leaders in national affairs. Many of us have been stirred to a new consciousness by some of the problems they face. It was a shocking thing, for instance, that our great manual, Beauchesne, written by, I presume, a French Canadian, should for years have gone through edition after edition never having been translated.

Mr. Speaker, may I call it six o'clock.

PROCEEDINGS ON ADJOURNMENT MOTION

SUBJECT MATTER OF QUESTION TO BE DEBATED UNDER ADJOURNMENT MOTION

[*Translation*]

Mr. Deputy Speaker: Mr. Cowan—External Affairs—Boundary waters—Request for definition concerning governmental works.

[*Text*]

At six o'clock the House took recess.

AFTER RECESS

The House resumed at 8 p.m.

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the Chair for the House to go into Committee of Ways and Means.

Mr. Macquarrie: Mr. Speaker, as I said before dinner, I am one of those who is dedicated to doing everything possible to assist in every way possible French Canada to attain a more meaningful and fuller place in Confederation, one prepared to recognize the justice of complaints and value and virtue of the grievances which the leaders of French Canada rightly bring to the attention of the nation as a whole. I would not wish to prolong the two solitudes approach to the fulfilment of our national destiny. I think the expression "two solitudes" is an apt one—a sadly apt one. I will never support, by word or deed, that which in modern and somewhat unsavory jargon can be called the backlash. I would rather end my modest political career immediately and forever than be a party to such a nation-destroying and Canada-defeating role or attitude. I believe that a better Quebec means a greater Canada.

I take second place to no Member from English speaking Canada in my desire to learn to understand and to know the problems of our fellow Canadians whose language is French and whose background is different from mine. Yet, Mr. Speaker, I would be less than candid if I did not say that, out of the wellspring of my feeling in this regard, I am troubled by some recent developments in that area of French Canada. My anxiety exists, not because of the reaction of extremists nor the extreme actions of the terrorists, nor from the violence of isolated incidents, nor the exasperated minority which preach a drastic form of separatism. Anyone who knows Canadian history knows that down through the years we have had separatists and we have had some occasional violence. My political ancestors of 1849, threw unpleasant objects at the Queen's Viceroy, Lord Elgin. This was followed up with the suggestion that we should join the United States. Some of the people of that day became politicians, while others went into something better, or more lucrative, and became brewers. We had Joseph Howe, who was determined to lead Nova Scotia out of Confederation; and 20 years later we had Fielding who worked his way into power by pledging that Nova Scotia would go out. Of course, this did not follow. British Columbia was somewhat restless in those early days. It is not only British Columbia of 1965 that was controversial. We on the Island were still for keeping on the cautious side, but at one time we used to say that if we had our chance to move out tomorrow, we would take it. We have, however, never taken the drastic action of doing that.

My anxiety is not with extremists, but with those who claim to be the moderates. I want to help build a bridge of understanding, but one cannot build a bridge of understanding if the opposite bank disappears. I am troubled and concerned about recent utterances from responsible people in Quebec who suggest that the activities and jurisdictions, well established in the national field, should be pre-empted by Provincial authority. I read that the Minister of Labour suggested that unemployment and the placing of workers should become a Provincial responsibility. The equality of job opportunities for all Canadians I think is an essential of the good society and of a united Canada.

I read where Mr. Eric Kierans suggested that there will be a terrific battle at the forthcoming Provincial-Federal conference over Ottawa's banking policies. I would urge the Minister of Finance (Mr. Gordon), for once in his life, to be firm and hold to his opinion regarding the necessity of financial institutions of this kind being national institutions.

I read also about housing being assumed, by the appropriate Minister, as being an exclusive field of opportunity for the Province of Quebec. We all have heard the utterances, and I hope they were misquotes and overstatements, of the education Minister in reference to treaty rights for the Province of Quebec.

I do not think any of us, and least of all I, would want to diminish by one jot or tittle the rights of the Province of Quebec. It is a great Province, and in many ways a unique Province but we cannot go on diminishing the national entity and continue as a great national state.

We want the people of French Canada to have their full say. We want to hear their grievances, and they do have some. We want

a partnership, but if in place of a partnership we find that there are those leaders in responsible positions who prefer not a partnership, not equality, but withdrawal, it makes it painfully difficult for those who want to do nothing more than extend the hand of fellowship and the hand of friendship to try and compensate for past failures, misunderstandings and inequities, and there have been some. We want to move forward together and recognize that there are economic inequities which Quebec has suffered. As a Maritimer, I have great understanding of what Quebec has gone through. They have not received their proper share in many fields. There must be a united effort in this regard.

I have described myself in this House before, and I retain that description of myself, as an anti-separatist. Let us move closer together. Let us discuss these problems. Let us not say that at this time of national sensitivity there should be pre-emption of more and more fields by Provincial authority. Perhaps economically Quebec can pre-empt these fields, but other provinces cannot. Other provinces do not wish to do so. What will become of the great national entity if one significant part of it, no matter what its culture or language—(that is not the significant aspect of this discussion)—decides to go it alone? I suppose no one would think of stopping anyone from going it alone, although Nova Scotia found some years ago that it could not.

• (8:10 p.m.)

I hope the Prime Minister (Mr. Pearson) will be more forthcoming than he has been before in his reports of discussions with the Premier of Quebec. I hope that the statement of the Secretary of State for External Affairs (Mr. Martin), unique as it was in its clarity and decisiveness, will serve as a standard around which this Government will rally, not in coercion, not in narrowness but as an expression of Canadianism, of nation building and of clarity in this important phase when provincialism in my opinion is rampant and the national identity gravely undermined. I should like to conclude my few words with a quotation from a great international lawyer under whom I had the opportunity of studying at McGill University in the great and colourful City of Montreal. Dean Maxwell Cohen wrote in today's *Gazette*:

> Mr. Pearson and Mr. Lesage would do well to meet as soon as possible and to agree on what it is that will be most helpful to Quebec looking for new links to the French speaking world; providing, however, that there are safeguards to Federal Canada as the only "sovereign" Canadian state known to the world—and to France. Not to find some proper answer would have us drift into an "associate state" situation or quasi-separatism by the back door of loose practices when today we are trying to find better formulas for the New Quebec and the New Canada through the front door of the Canadian constitutional dialogue.

[Mr. Macquarrie.]

I say, Mr. Speaker: Let that front door remain open. Let the hand remain extended. Let the dialogue—that is the fashionable word —continue. But let us implore those who would depart to think twice and to hesitate. No one wants the people of any part of this great country even to prepare themselves in thought for separation from the rest of us because the whole and the parts will both suffer grievously thereby.

[*Translation*]

Mr. Gérard Chapdelaine (Sherbrooke): Mr. Speaker, even if we had the opportunity to do so, our party would not introduce any amendment to the motion of the Minister of Finance (Mr. Gordon) on his annual financial statement, since we do not believe that such a procedure would be conducive to the expansion of the Canadian economy. It would be a negative gesture that would only serve the political aspirations, often unspeakable, of those who use them.

I intend to analyse briefly various provisions of this budget and also to expose the hypocrisy shown by certain opposition parties in this house during the budget debate.

I would like to deal first with this last suggestion which is rather humorous and would not bear the cold analysis of the figures presented in the budget.

Last night we had the opportunity to vote on a motion of non-confidence introduced by the Conservative party. As you already know, we members of the Social Credit party have, as a group, supported the present government. Before this vote was taken we had made known our intention to support the government because we do not believe in the outmoded procedure used by the various opposition parties every time they have the opportunity to do so.

It is strange to note that during a previous vote a large majority of Conservative members were absent from the house because they did not know if at least one of the opposition parties would support the government so it would not be defeated. But yesterday the situation was different, because we had made it known that we would support

the government. We saw in the house most Conservative members who did not hesitate to vote against the government and jeered at us because we were supporting it.

I feel that is the most obvious display of chronic hypocrisy from the old guard politicians with regard to the administration of this country's business, which they neglect to make fantastic turnabouts. Had there not been seven responsible opposition members in the house last night the government would have been toppled by a vote of 107 to 104 and today, we would be in the midst of an election campaign.

It is not an election campaign which would have been disastrous but the discomfiture of those government and opposition members who want anything but an election. The Canadian people are certainly not interested in going back to the polls in the present circumstances, and I wonder what political parties in the house at the present time would be bold and daring enough to pretend that they would gain public support should an election be called in the near future.

If, on the occasion of the budget debate, we go into a detailed study of our political situation, starting with the party in office, we readily realize that the Liberals have not had time to recover from the scandal brought forward by the hon. member for Yukon (Mr. Nielsen) and that they find themselves with quite an awkward cabinet. Then, they were immediately compelled to get rid of the youngest minister whose taste for horse races compares only with Lucien Rivard's boldness. To offset such a situation at election time, the Minister of Finance should have sought inspiration from the monetary reform advocated by the Social Credit; but instead of that, he came up with a budget which is neither fowl nor fish and which in no way can make us forget the series of scandals which rocked the Liberal party.

The situation is even more ludicrous within the Conservative party which has been singing for some time now a modern version of an old song. The omnipotent Leader of the Opposition (Mr. Diefenbaker) continues to lose his grip on Canada where, in his opinion, the province of Quebec is no longer existent but where candidates from all quarters are lining up to take over a leadership which, because of him, has become pitiful. If the present Leader of the Opposition is serious when he is clamouring for an election in order to instil new life in the country's economy, then it is more serious than I thought, for I would say this is a sadistic attitude. It is really sadistic to want to drag down with him all that remains of a career which ceased to glitter a long time ago.

Perhaps the New Democratic party was hoping for an election before it realized that the Conservative party had left in Ontario a vacuum which it can no longer hope to fill because the voters would probably elect independent candidates who would be a better reflection of the parliamentary image of integrity which all Canadians expect from politicians. I think that the New Democratic party, by associating itself with old-line parties when voting on non-confidence motions and also by its absenteeism when they could not forecast the results of the vote, has fallen into the trap of parliamentary hypocrisy and that the people will not forget it.

• (8:20 p.m.)

It is very hard for me to find a reason which would justify the attitude of the Creditistes on those non-confidence motions, since this group of men, that I cannot call a party, has not been elected as such, this grouping of men, as I say, has lost ground in the province of Quebec and there is no hope for them to be re-elected to this house.

As for us, Mr. Speaker, I repeat that we are the only ones who acted responsibly by supporting the government and by avoiding an election that would have settled none of the problems which we must face in this parliament and which we want to solve for the benefit of all Canadians. I think this attitude of responsible men who refuse to indulge in childish games, like the one served on us in the form of non-confidence motions, will be recognized by the people and appreciated throughout Canada.

I cannot help but mention that I saw a number of happy faces among the members of the opposition after the vote last night. It is not due to any lack of admiration, but rather out of sheer embarrassment, that they refrained from showing us openly their deepest gratitude.

While we do not think that such non-confidence motions are apt to improve the admiration of Canadians, we feel that it is essential to make positive suggestions so that, in the next budget, they may be taken into consideration and even implemented, if it is found advisable.

The budget announces a 10 per cent income tax reduction which is completely inadequate and does not benefit the lower brackets.

If, instead of granting a 10 per cent tax reduction at the present level, the government had increased the exemptions to $4,000 for married people and to $2,000 for single persons, this would have affected all that low income category where such tax reductions are really needed, and this would have been the first step in the war on poverty that the government plans to launch in the near future.

To meet the deficit involved by such a decision without causing any dislocation, the government could easily have raised the tax scale for those earning over $4,000 a year, because they are not as acutely affected by the iniquity of a too heavy tax burden.

There were some other commendable proposals in this budget, such as the Canada Development Corporation, patterned after the General Investment Corporation of the province of Quebec and I commend the Minister of Finance for having taken from Quebec another brilliant idea of which we are capable. I am sure that all Canadians will be proud and happy to become shareholders in such a corporation, because they will have the satisfaction of participating in the development of our country and in the investment of Canadian capital on Canadian soil.

There are also the other measures respecting foreign periodicals and newspapers, agriculture, industry, scientific research, etc., all of which contain some good and which we will be proud to support after discussing them in this house.

In closing, Mr. Speaker, I would like to recall that on the occasion of such a budget speech last year, I had directed to the Minister of Finance a question which remained unanswered. I do not know whether the Minister of Finance (Mr. Gordon) did not have time to answer, or was afraid to answer or if it was merely through unconcern for the financial problems this country is now facing, in short, I do not know the reasons why he did not even deign to show interest.

He is undoubtedly aware that the service of the Canadian debt has now reached the unprecedented level of $1,100 million, which represents a $62 million increase for the last fiscal year, and I do not see anything announced in the budget to correct this alarming situation.

It is quite normal that when one borrows money, one must pay the interest to his lender when it is in the field of private enterprise. But when the government borrows for public investment purposes, that is for non-productive investments, why does not the Minister of Finance think of finding the necessary credit to finance public utility investments on which he should not have to pay any interest since the investments themselves do not yield anything.

[Mr. Chapdelaine.]

It would be very easy for the Bank of Canada to create new credit for the implementation of those public utility projects, in proportion to the amounts required for investment in that field and without the government having to pay the bank any interest on the credit thus created.

To prevent that supplementary credit from giving rise to inflation, the Minister of Finance would just have to tell the Bank of Canada to reduce the margin of credit the chartered banks are allowed to create on the basis of their deposits with the central bank, in other words, to reduce the amount of credit available to private enterprise in proportion to the increase in credit for public utility purposes.

That way there would be no inflation, we would no longer have to pay interest on new loans and, gradually, we could get rid of those debt charges which now amount to $1,100 million.

That is the suggestion I made to the Minister of Finance last year and I repeat what I said at that time: If you can prove that my proposals do not make sense, then I shall refrain from making such recommendations.

Mr. Herman Laverdière (Bellechasse): Mr. Speaker, on Monday of last week all Canadians the least bit interested in politics were wondering what would be in the budget now under consideration in the house. I did not find therein all I would have wished for, but I realize the complex nature of a budget which affects every Canadian.

• (8:30 p.m.)

What did the Canadian people expect from the budget? What made them say that such a change, such an improvement, such a tax cut was needed? It is quite normal that the general public should judge a budget according to what they get from it or what it takes from them. However, an increase or a reduction in direct or indirect taxes must not be made without taking into account the general economy.

Canada, especially in the last few years, has experienced a fast economic growth which will continue—according to every forecast—and this will benefit the population as a whole.

I am very happy to note that growth which, I hope, will be beneficial not only to one segment but to the whole population.

It is a growth budget, they say. I rather think that this is the prominent feature of the budget, since it fosters great hope for the establishment of new industries, especially in less favoured areas, for some special assistance to industries already established in underdeveloped areas, for an increase in capital invested in various concerns, in short we hope that the whole economy, especially the farming area, will benefit from that growth and we expect an immediate effort in order to alleviate hardship prevailing in some areas of the country.

I hope, Mr. Speaker, that all possible and special attention will be paid those underdeveloped areas and that efforts will be centred toward reorganizing the economy of those areas where the people do not yet take advantage or full advantage of this expansion we have been hearing so much about for a few months.

We are told that, throughout the country, the income and the standard of living are increasing rapidly, that there is considerable industrial development and that unemployment is decreasing. That is what we hear, that is being repeated, particularly of late.

Evidently, that is the case as far as the majority of the population is concerned; none the less, thousands of families in the poorer areas are frustrated, and it is high time that they enjoy this economic growth and that they do not feel as if they were forgotten Canadian families.

That is also the case of the whole region I have the honour to represent, particularly the northern part of this country and other adjoining counties, where a short visit would suffice to convince some of those responsible for putting these policies forward to forget their theories which they seem to consider as corollaries. Certain general reports coupled with some statistics may seem to indicate that a given situation is really what we think it is. However, a closer examination, for instance of the true average income of farm workers and others, in a given area, will readily show that the average income may be very low. Obviously, it is then necessary to adjust the economy of such areas where the people as a whole, and rightly so, seem to wonder if they are not really being ignored.

There is obviously quite an imbalance between the cost of production and farm income.

In 1964, while the gross farm income in marginal areas was going up less than 1 per cent, the net income was decreasing by more than 6 per cent. When the average income of farmers in a given area is between $1,200 and $1,500, it seems superfluous to call for immediate action; yet, Mr. Speaker, we are still begging, as if those were not facts or as if they were the product of a limited knowledge of the situation as it exists, or if they were exaggerated for the sole purpose of obtaining assistance in an area where the people are closer to us. However, there is nothing in such allegations. The facts are there.

The farmers in Bellechasse, Mr. Speaker, just like those of other underdeveloped areas, do not ask for charity. They only ask to be treated on an equal footing with all other Canadian workers. They only ask to be able to earn from their farms—and I am speaking here only of the full time farmers—a larger and more stable income, so that their living and working conditions may compare with those of people engaged in other sectors of the economy, as mentioned in the speech from the throne.

I hope that the recommendations contained in the speech from the throne will be implemented as soon as possible.

Mr. Speaker, one cannot blame the farmers for finding that the government hesitates too much in introducing the required farm legislation.

The shy measures introduced up to now have not been of much assistance. We need a courageous and imaginative over-all policy, based on a real awareness of the needs, of a nature such as to assist the average farmer, as compared to the big operators who can benefit most from all the grants or any other direct assistance coming from government.

Mr. Speaker, some parishes in the Bellechasse constituency date back to 1692 and 1693, and among them are Beaumont and St. Michel; such parishes, with their villages, their institutions, some houses more than two centuries old, just by their picturesque presence, remind us of the very beginnings of New France in Canada. A major part of the present population of Bellechasse can trace its origins to the brave, bold and enterprising pioneers of those two parishes and a few others which were founded during the 18th century.

These people, of whom I am so very proud, have inherited the eagerness, the steadfastness, the love for work well done, all the

qualities that characterized their pioneering ancestors, and they have remained deeply rooted to the soil cleared by their forefathers.

They want to live there with dignity. Had it not been for their typical courage and steadfastness, many more farms would be abandoned today by those farmers who, like others, would have gone to the cities, leaving behind the kind of work they did like, but which did not permit them to earn a decent living for their families.

Many farmers are wondering why their costs are so high while their products sell at such low prices, why it is so hard for them to secure stable prices, why they cannot get a fair price for products such as beef, pork and cheese, while we have to import such products; why can the full time farmer not get an income equal to the average income of an industrial employee, although his working hours are longer; why do the policies advertised by the government have to be so indefinite that one cannot know what will come out of them? Why is it that the farmer has to draw attention to his claims by resorting to extraordinary means, such as marches on parliament? Should there be no change soon in this state of affairs, I shall feel bound to encourage such marches on parliament in Ottawa, that the leaders and members of the Catholic Farmers' Union could organize.

Why is it that farmers have so much trouble in obtaining assistance of any kind, such as social assistance, when they really need it under the present circumstances? I know personally that most of them use it only when they are absolutely forced to do so, as they are very often considered by a few officials of those organizations as people who only want to live on sources made available by the government to the needy.

Why, they ask, are we somewhat forgotten? Why can we not benefit from the country's prosperity, in spite of all our work and efforts? Why is unemployment insurance still out of our reach? Why have some areas been designated and not ours, which is so poor?

And yet, Mr. Speaker, at the turn of the century, according to certain reports of the Quebec department of colonization and mining—at the very beginning of the century, in fact around 1901—Bellechasse was one of the most prosperous agricultural counties in the province. Today, due to several factors, including the mechanization required and stiffer competition on the various markets, the situation is just the opposite. On this I am in almost complete agreement with the recommendations of the Ontario Farmers' Union, which are identical in many cases with the claims of the Catholic Farmers' Union. I also give my unqualified support, or just about, to the positive suggestions of the latter organization, the Catholic Farmers' Union, with regard to clear and precise positions, in order to assist, as soon as possible, farmers who are now in real need, particularly in some areas.

[Mr. Laverdière.]

I admit, Mr. Speaker, that it is very interesting to give one's attention to politics in general, to follow the details of national or international problems. But, at the risk of being accused of dealing simply with regional or provincial politics, in the sense of eastern politics in general and Quebec politics, I believe very sincerely that I have to deal with the politics regarding precisely the people I have the honour to represent in the House of Commons. It is essential to point out the needs of those who wanted—

• (8:40 p.m.)

[*Text*]

Mr. Deputy Speaker: Order, please. May I bring to the attention of the House that it is difficult for the Chair and for other hon. Members to follow the speech being made at the present time.

[*Translation*]

Mr. Laverdière: Mr. Speaker, I feel it is essential to point out the needs of those who chose us to represent them, especially when their situation is as precarious as it is at present.

It is true, as I read in a newspaper last week, that certain members are entirely taken up by regional problems, by the great number of letters and representations they receive. I readily admit it, and I agree also that more time would have to be spent on research and study, on the country's business in general and on all government measures submitted to the house.

However, as I said earlier, at the risk of being accused of provincialism and regionalism I feel duty bound to point out the problems of my riding as far as possible.

I must also add that several hours could be saved each week if some government employees were a little more impartial and objective in dealing with requests made to them.

I had a few remarks to make on that matter but I will skip them to deal with another subject.

Mr. Speaker, I would like to speak briefly about national unity, a matter which is of interest to all Canadians worthy of that name.

I must say, and this is my personal opinion, that in our first years in elementary school our teachers give us an idea of the incidents which marked the beginning of Canada, with all the dates, names, battles, etc. to remember. From what I learned, the French were good and the English bad. How many happy or unhappy scenes have passed through the mind of each of us, depending, of course, on the good or bad results of these battles described sometimes quite vigorously.

On reading some of the history books on Canada available to school children of the provinces other than Quebec, I have had the impression that our heroes were just the opposite on the English side.

It is therefore logical for one to ask himself to what extent the views of many Canadians, which are absolutely contradictory in many cases, are due to a teaching of history which is partial and prejudiced from the start.

I do not want to cast any reflection on the teachers of that time, because I had excellent teachers even if they may seem to have had little success with me. I merely wish to stress the need for every Canadian to reconsider objectively his own concept of Canada, as it now stands as a whole. History is one of the most humanizing disciplines, but it is a science where objectivity must enable everyone to realize that Canada was founded by very worthy men who came from France, England and other countries. One must recognize that Intendant Bigot's self-centredness was just as despicable as Lord Durham's attitude and conclusions.

Today, all those conflicts of the past, all that one-way teaching of the history of Canada seem to break to the surface. We are facing a tense and disturbing situation the implications of which extend well beyond the policy of such a party aiming first of all at having re-elected the largest possible number of members. Before such a situation, the latter attitude must be forgotten. Which attitude should we take? What should we do? Blame one another? Quarrel? Fight or try to understand one another?

I believe sincerely that our problem of unity is one of misunderstanding. We do not know one another well enough. Many, even members of the elite, jump to conclusions on the basis of incomplete information, just as many declare themselves for or against, while they do not even know the first thing about a democratic system, while they only have very elementary knowledge of their history, of the economy of their province or their country and all consequences resulting from extremist attitudes.

One thing is sure. French Canadians were very docile, very submissive after the defeat of 1759, too submissive perhaps in spite of the understanding and good-will shown by most leaders of that time. Our forefathers co-operated, even if some reports state otherwise, such as this one on the American invasion of 1775-76 which says about the people of Beaumont: "Except for five or six good subjects, that parish (Beaumont) relished very much the spirit of the rebellion."

French Canadians co-operated at the time of the abovementioned invasion; we co-operated in 1812 right after the vexatious measures taken by Craig; we co-operated in 1842; we co-operated in 1848; we co-operated in 1867; we co-operated in 1914; we co-operated in 1939. We have always co-operated.

We made concessions time after time; in addition to all these concessions, which one do you think we have not made that we should have? But what did we gain by that? A few crumbs, such as bilingual cheques, bilingual currency, bilingual stamps and a few other minor things.

It makes you wonder what is left for us to do after 98 years within confederation. What stand should we take? What should we do now to unite our country? What else should we concede?

The time for concessions is past, it is time now to substitute for that policy of co-operation a policy of give and take, based on equality and dignity. We extend our hand, as we have always done, but it is a firm and resolute hand. We have been co-operating long enough, perhaps with some apathy, in order to maintain peace.

We no longer intend to beg for unity; we wish to be treated on an equal footing to arrive to an official recognition of our presence, of what we are and represent. Mutual understanding is necessary, but I am convinced that we can only attain it provided a concession on our part is met by a similar concession on the other part.

I sincerely believe that French Canadians can no longer be satisfied with half-measures and a few crumbs. Such an aspiration is very natural and legitimate.

Quebec is a French Canadian state whose rights as defined in the 1867 Act must be respected. We have become an adult people,

decolonized at last and conscious of our dignity, and we want nothing else but to be masters in our own house.

A strong people is above all a united people, and therefore a people which respects the deepest aspirations of each of its fellow citizens.

• (8:50 p.m.)

[*Text*]

Mr. Erik Nielsen (Yukon): Mr. Speaker, before getting on with some remarks I have to make with respect to the budget of the Minister of Finance (Mr. Gordon) and to the financial policies of the Government as displayed in that budget, I want to take this opportunity to remark on the speech of the hon. Member for Verdun (Mr. Mackasey), whom I am very happy to see in his seat this evening, when he spoke during the Throne Speech debate. I, of course, was unavoidably absent from the House at the time the Member for Verdun delivered himself of his oration and, unlike the supposition of the Minister of Justice (Mr. Favreau) when he alluded to it this afternoon, the absence was a short one, as it has been throughout this session—and certainly the Minister of Justice has no room for criticizing others for absence from this House.

It must have been a moving experience, Sir, to hear the hon. Member for Verdun coming to the defence of a hapless and helpless and hopeless Prime Minister (Mr. Pearson). The Member for Verdun, and I believe I am quoting him correctly, attacked me for what he called "another vicious, unwarranted, but I suppose utterly predictable attack upon the Prime Minister and upon the front bench of this Party". I do not intend to refute the rather far fetched defence of the hon. Member for Verdun except to say how much I agree with the remarks of the hon. Member for Port Arthur (Mr. Fisher) when he said that he was "getting sick and tired of the kind of people who wrap themselves in the flag of God and the family, and all the rest, when they are under attack. I am sick of the whiners, and the Government Party has one of the greatest collection of whiners I have ever encountered." We have many examples of this, Mr. Speaker. I think the hon. Member for Port Arthur (Mr. Fisher) left out one descriptive adjective when he failed to call them "whimperers" as well, for that is what they are.

• (9:00 p.m.)

We also had a display by the Prime Minister (Mr. Pearson) in March in the western part of this country complaining about filibustering and obstructionist tactics on the part of the Opposition, and saying that all they were trying to do was prevent them from implementing his program of new politics. Well, Sir, I think we have all had a bellyful of this so-called new politics, and it is time we cleaned this whole House out.

The hon. Member for Port Arthur said:

> I was here in a Parliament when a very small nucleus of members of their Party, and particularly that prince of partisanship, the hon. Member for Bonavista-Twillingate (Mr. Pickersgill), unleashed day after day after day, through 1962 and 1963, a kind of attack that has made some of the things the Opposition has done in this Parliament seem pretty pale.

I forgive the hon. Member for Verdun (Mr. Mackasey) for not recalling those things, because he was not here during those days, but obviously he has forgotten matters as recent as 1962, which I will bring to his attention very shortly, in connection with certain things that were said by those individuals now in supposedly responsible positions in the front benches.

As I sat in the House on a previous occasion on the other side contemplating the day —and this is always inevitable, and might be worth while for those on the other side to remember—that I would be in the Opposition, I thought to myself, that if I were in the Opposition, whom would I want to emulate. I could not find a better example of an Opposition Member of that day that I should like to emulate more than the hon. Member for Bonavista-Twillingate.

Unfortunately, many Members, like the hon. Member for Verdun, are very thin-skinned. I suggest that, even though a young Member in this House in terms of sitting years, he had better develop a little thicker hide than he now has.

I wonder whether he remembers the rumours that they in that Party started in 1962 to the effect that the Prime Minister of that day had Parkinson's disease—and that is where that rumour originated. Do they remember the speech made by the present Minister of Public Works (Mr. Cardin) attacking the then Prime Minister—a speech which we are told in a recent article in *La Presse* was commanded by the Leader of the Liberal Party of that day? Do they remember, Sir, the description by the hon. Member for Bonavista-Twillingate of the then Prime Minister as an "evil genius"?

Let me quote, Sir, from a speech made by the present Minister of Public Works which appears at page 1142 of *Hansard* for Febru-

ary 22, 1962. He then referred to the Prime Minister of that day and accused him of toying with the truth. He accused him of having a cynical attitude and using disparaging words and remarks about the then Leader of the Opposition, who is now the Prime Minister. On the right hand column of that page he accused the Prime Minister of toying with the truth. That speech is shot through with this kind of remark, which caused a cartoon to be drawn by one of the more eminent cartoonists of the country depicting the Minister of Public Works in the cellar of this building among the heating pipes, over the caption "How low can you go". Those are the things that the hon. Member for Verdun should remember.

He should also remember speeches such as the one his own Leader, the present Prime Minister, delivered, a copy of which I have in my hand, on September 18, 1962 at a testimonial dinner honouring Toronto and district Liberal Members of Parliament at the Royal York Hotel in Toronto. I quote from a transcript of that speech. The second paragraph reads:

> The first is the gross and unpardonable deceit practised on the electorate—

That was the now Prime Minister referring to the then Prime Minister, and at the bottom of the page he is reported as having said:

> Why, the Minister of Agriculture, Alvin Hamilton, after the election on June 20, still kept up the deceit—

I suppose in the mind of the hon. Member for Verdun this is the kind of remark he would refer to as constructive. That is how he referred to them in his speech the other night.

On the second page of the transcript of that speech, again speaking about the then Prime Minister, the present Prime Minister said:

> Was there ever a greater deceit perpetrated on an electorate.

Further down the same page the present Prime Minister is reported as having said:

> The Prime Minister now has an explanation for this "sudden" crisis, one that is as original as it is false

Those are the words of the present Prime Minister not less than three years ago, made in a constructive speech, I dare say.

We do not even have to refer back that far. We just have to turn up a speech delivered on February 10, 1965 by one who was supposed to be protecting the rights of justice and fair play in this country, the present Minister of Justice (Mr. Favreau). He made this speech in Quebec City to the Reform Club on February 10 of this year. I have a transcript of that speech in my hand and on page 3 that Minister is reported to have said, when speaking of the present Leader of the Opposition (Mr. Diefenbaker) under the heading "The Artisan of Disaster", that the Leader of the Opposition used some unkind words about the Government. He accused the Leader of the Opposition of having illusions of grandeur, of an unhealthy distrust of those about him, authoritarian temperament, morbid irresolution and narcism. That is supposed to be constructive criticism, I dare say.

The Member for Verdun has the gall and effrontery to stand in his place and be critical of the comparatively mild remarks that I made about the ineptness, inadequacy and incompetency of this collection of fumblers and bumblers sitting in the treasury benches on that side of the House.

Not all the emotional defences that can be prepared for the hon. Member for Verdun and his colleagues, nor all the gimmickry at the disposal of the Liberal headquarters can obscure the real crisis in the Liberal Party, and that is all they are trying to do with all these red herrings they are drawing, such as the one which was dragged across the trail by the hon. Member for Verdun.

An hon. Member: Which party are you referring to?

Mr. Nielsen: I am speaking of that Party which is controlled by the old guard. I am speaking of that Party, for which I hold great hopes that one day the brilliant and intelligent Members, such as the hon. Member for York-Scarborough (Mr. Moreau), will force their way into the front benches and rid those benches of some of the deadwood that sits there now.

It is interesting to reflect on the circumstances under which the hon. Member for Verdun succeeded to his position as Chairman of the Liberal caucus. Who knows but for one of those small errors of fate the hon. Member for Dollard (Mr. Rouleau) might have been making that defence of the Prime Minister made by the hon. Member for Verdun the other evening. I should have thought that the hon. Member for Verdun, whom I know personally and have worked with, would have been the last Member to stand up and say the things he did. I would have thought that he would have been grateful to me for bringing certain matters to the attention of the House, particularly those I

referred to on November 23. I wonder what he would have done in similar circumstances. Does he condone the situation, as he knows it and as he has accepted it, of those days? Does he condone what happened in connection with the conduct of the former Minister without Portfolio? Does he condone the action of two Members from Quebec with respect to a certain bankrupt company in the Province of Quebec? Does he condone all these things, and what would he have done under those circumstances?

• (9:10 p.m.)

This crisis in the Liberal Government has been ably documented in the press throughout Canada. I do not stand alone in making these observations. These paragons of virtue, as the Member for Verdun would have us believe all Liberal Members are, are described by the national press, and some of the most severe criticism has come from their own supporters in that press. I can think of no finer example than the Winnipeg *Free Press* which on March 29 last had this to say:

> It is becoming increasingly clear that Prime Minister Pearson, sooner or later, must make substantial and drastic changes to his Cabinet. For the good of the Government, of Parliament and of the country as a whole, the sooner the Prime Minister faces up to this embarrassing but necessary task the better.

I wonder whether the hon. Member for Verdun agrees with that criticism by the Liberal press. The same editorial in the *Free Press* mentions that the Prime Minister no doubt is waiting for the report of the Dorion Commission before making some of his changes, but the editorial continues:

> There are changes urgently needed that do not touch on any of the Ministers who may be involved in the affairs into which the Dorion inquiry is looking. changes in such fields—

I hope the Minister of Finance (Mr. Gordon) is listening.

> —as finance and welfare.

Then the editorial concludes with these words:

> Until, by one means or another, there is a stronger ministry at the head of the country, a ministry capable of giving firm and vigorous leadership and of commanding the confidence of the nation as a whole, the prospects for an improved Parliament and for an effective handling of the nation's affairs seem bleak indeed.

There is an unbiased sort of analysis for the hon. Member for Verdun to consider. The Winnipeg *Tribune* was no less emphatic in its assessment of what the country needs. I quote from an editorial in that newspaper on March 30:

> Mr. Pearson could be busy during an Easter recess cleaning up his Cabinet and his Party.

It is a Herculean task, I admit.

An hon. Member: He would need more than an Easter recess.

Mr. Nielsen: It might take a few Easter recesses to accomplish this end. I firmly believe it might, indeed, to accomplish that which the Prime Minister does not seem to have the fortitude to do himself. I continue quoting the editorial:

> He may not be personally responsible for the actions of erring politicians, but surely he is under obligation to see that the Liberal party is purged of the men who have brought shame on it and on the conduct of public business.

There is a representative press opinion. On the previous day, March 29, the same newspaper had this to say:

> Mr. Pearson has the job of recasting his cabinet. He has backed away from this decision so many times that it is now all the more difficult to carry out. He also has yet to demonstrate that he can provide the political leadership required of a Prime Minister. The Grits are so trapped by a seemingly endless series of misadventures, many made by their own clumsiness, that restoration of confidence in their ability to govern will be a monumental task.

I believe that with the material available among the old guard on the front benches now it is an impossible task, and I again invite the Prime Minister to look at the array of fine talent he has on the back benches and move it up. Freshen up the House of Commons and restore the confidence of the people in this country by putting some of this talent on the front benches.

The Montreal *Star* has always been a faithful Liberal paper. In fact, the hon. Member for Verdun quoted liberally from an article in the Montreal *Star*. In its March 30th edition that newspaper had this to say:

> Unless a thorough spring cleaning is done quickly there is every prospect that the Liberals will have to fight another election with the "assistance" of the old guard and its assorted unsavoury hangerson.

Mr. Nesbitt: Why don't they call in Bob Thompson?

Mr. Nielsen: I continue:

> It is all very well, as Mr. Favreau did, to talk of the new Liberal federation as "the vigilant conscience" of a permanent revolution. But something more than conscience is needed to clean out stables and freshen up atmosphere. To take one example, how many of the 21 constituencies on Montreal Island qualify as reaching Mr. Favreau's new look standard?

That is how the Montreal *Star* assesses the situation. I might interject here and ask,

perhaps rather rhetorically, whether the riding association of the hon. Member for Verdun or that of the hon. Member for St. Lawrence-St. George (Mr. Turner) qualifies under this assessment of the Minister of Justice? The Montreal *Star* goes on to say that the Minister of Justice should be relieved of his job as Quebec leader, and it adds the following:

If there are those in the Cabinet or the Quebec caucus opposed to Mr. Sauvé it might be pertinent to ask them what they would prefer—Mr. Sauvé, as the new Quebec leader, or a continuance of the same sour political atmosphere which has characterized the Quebec wing of the party.

Mr. Grafftey: A pretty rough choice.

Mr. Nielsen: There is a representative provincial newspaper speaking about what the situation is on the front benches, the Minister of Forestry (Mr. Sauvé) being suppressed, being smothered, being strangled by the old guard in his own Party, and all because of a small clique around the Prime Minister with such great influence.

An hon. Member: Who is your Quebec leader?

Mr. Nielsen: Smarten up, you young, vigilant backbench Members. The Toronto *Telegram* is equally unimpressed with the performance of the Minister of Justice. The criticism is not confined to the press of his own province. Even Ontario papers share the opinions of the Quebec press. In an editorial on March 5 the *Telegram* quoted the Minister of Justice as having said that he would "tolerate no form of corruption or influence peddling whatsoever". The *Telegram* observes:

Justice Minister Guy Favreau is incapable of honouring any such high sounding guarantee for he is blind to the political facts of life and would not recognize corruption or influence peddling if he saw it. He has proven himself, once again, inept and sickeningly unfit for the administration of justice.

That was an editorial on March 5, not very long ago. Can anyone remember a comment like that on a Minister of Justice in Canada? Can the hon. Member for Verdun remember any comment by a national newspaper such as that, or the comments in the Montreal *Star* and the Winnipeg *Free Press*? Yet he speaks of making a constructive contribution to debate.

Mr. Grafftey: Take off your partisan blinkers.

Mr. Gordon: To whom are you talking?

Mr. Nielsen: The Toronto *Telegram* catalogues the various misadventures of the Minister of Justice, and then concludes as follows:

We must get rid of this man—he's an obstacle to justice in Canada. He may have done no wrong; he has certainly done nothing right.

The Toronto *Telegram* could have included a good many other Ministers in this general description.

Miss Jewett: What did you think of the budget?

Mr. Nielsen: John Bird of the *Financial Post*—

Miss Jewett: I thought you were going to talk about the budget.

Mr. Nielsen: I hear one of the more brilliant backbench members coming through faintly. This is the kind of individual I should like to see a reinvigorated Government bring forward to the front benches. We have had enough of the shenanigans of the Minister of National Health and Welfare (Miss LaMarsh), who could not even pilot her own bill through the House. Why does the hon. lady not move up and perhaps improve the situation?

An hon. Member: She smokes.

• (9:20 p.m.)

Mr. Nielsen: Now, Sir, John Bird of the *Financial Post*, a member of the distinguished and objective Press Gallery is generally regarded as a newsman who is close to the Liberal hierarchy. Mr. Bird states in an article on March 27 that the Minister of Justice (Mr. Favreau) will not be fired from the Cabinet but will insist on resigning. He adds that, and I quote—

—in Ottawa the hot inside tip is that the Liberals would like to bring Paul Gerin-Lajoie into the Federal Cabinet.

Well, even that would be an improvement. Of course, Leslie Roberts is also close to the Liberal hierarchy and he insists, in an article dated April 3 in the Montreal *Star*, that the Minister of Forestry (Mr. Sauvé) will make it at long last as Quebec leader. Mr. Roberts has some interesting revelations to make about the attempts on the part of the dominant Liberal old guard to keep the Minister of Forestry out in the cold. According to Mr. Roberts the Minister could, and I quote—

—barely get the time of day anywhere near the summit. He was, they said, difficult. He was, at that.

Maurice Sauvé had not gone to Ottawa to assist in perpetuating an apostolic succession of gentlemen whose robes and togas stood in need of dry cleaning. What Sauvé always wanted was new men, in new, clean, togas.

Here is a man very close to the higher echelons of the old guard of the Party speaking. Mr. Roberts goes on to detail the work of the Minister of Forestry in working out details of the pension plan arrangement with Quebec. Apparently it did not make much difference in the attitude of the Liberal old guard. Mr. Roberts puts it this way:

The determination to push the Minister of Forestry back into obscurity seemed stronger than ever. The old Grit guard who still hang on to considerable power in Federal affairs, especially in Montreal, made it clear that they continued to want no part of the man.

Now, it is still anybody's guess whether we will have the wholesale Cabinet shake-up that is called for under the circumstances. Mr. Patrick Nicholson, columnist for the Thomson newspapers, believes that we will have a new Liberal leader. In an article which appeared in the Quebec *Chronicle-Telegraph* of March 22, Mr. Nicholson mentions the speculation that had been taking place in the press about the Conservatives. He adds, and I quote:

But the most important story of all slipped through the fingers of the eager beavers with the notebooks. That is that the faithful caucus of Liberal M.P.'s, so dedicated and affectionate toward their charmingly dilletante leader, may soon have to chip in to present him with one of those autographed silver salvers so popular as farewell testimonials.

Mr. Nicholson says there is a possibility that the Prime Minister (Mr. Pearson) will head up a new United Nations organization responsible for peace keeping contingents. Well, perhaps so. Mr. Nicholson says that the Prime Minister finds political life uncongenial, and now that he is faced with the urgency of having to use the hatchet, which feels so strange in his hands accustomed to the suede gloves of the diplomat, he has decided the only answer is to give the Government a fresh start under a new leader. This is certainly an opinion that is widely shared across this country and certainly on this side of the House.

Mr. Nicholson goes on to say that the Liberals have a tacitly accepted heir apparent ready and anxious to be called. This is the man Mr. Nicholson describes as "smiling Bob" Winters. "Smiling Bob" will have plenty of competition for the job. Peter Bruton, the Queen's Park correspondent of the Toronto *Telegram* told us in his April 8 column of a luncheon between Keith "the rainmaker" Davey, Charles Templeton and the hon. Member for St. Lawrence-St. George (Mr. Turner). I truly regret that the hon. Member is not in his seat this evening, Mr. Speaker. According to Mr. Bruton—

—it was Mr. Davey who suggested, quite straight faced, that he just knew the next Federal leadership contest when the Prime Minister steps down would be between his two luncheon guests.

Only two months ago Mr. Peter Newman, whom the Member for Verdun (Mr. Mackasey) quoted so copiously in the Throne Speech debate, told us in the Toronto *Star* of some of the Cabinet battles being fought by the Minister of Trade and Commerce (Mr. Sharp). This has been the theme of what I like to call the Sharp propaganda machine.

Whenever a Minister is in trouble word is whispered about that Sharp counselled against his appointment in the first place. Whenever a Government measure faces a public outcry, word is passed around that Sharp fought valiantly and unsuccessfully against it. Whenever the Government does something popular, Sharp pressed it home on his colleagues. Hardly a day goes by, Sir, that we do not hear some whispering from the Sharp machine. Sober Sharp, the only restraining voice in the Cabinet. Honest Sharp, the man who is demanding a housecleaning. Clairvoyant Sharp, the man who fights against the Minister of Finance. Responsible Sharp, who fought against the Labour Code and other socialistic measures, and the leftward leanings of the Minister of Labour (Mr. MacEachen). The Sharp propaganda machine is employed full time making sure that the Minister is right—right in retrospect.

An hon. Member opposite asks about the Budget. The Minister of Trade and Commerce is down in the United States today speaking with great responsibility as a member of the Canadian Cabinet about a more equalized tariff on fish sticks.

Mr. Deputy Speaker: Order, please; the hon. Member's time has expired.

• (9:30 p.m.)

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, we are now considering the federal budget—

[*Text*]

Mr. Deputy Speaker: Could we have order, please? I should like to bring to the attention of hon. Members that the hon. Member

for Shefford has the floor and is trying to make a speech.

[*Translation*]

Mr. Rondeau: Mr. Speaker, we are now considering the federal budget, only a very short while after having examined the speech from the throne. Indeed, the speech from the throne, which was read on April 5, had a rather unusual characteristic, at least as far as the government was concerned, because the latter has come to realize that there is poverty in Canada and has declared its intention of waging war on poverty. Consequently, we were anxious to get to April 26, that is 21 days later, to hear what kind of a budget the Minister of Finance would present and what kind of legislation he would propose to fight poverty in Canada.

Contrary to the speech from the throne, however, the budget speech showed us that far from waging war on poverty, the government keeps picking on Canadians who are destitute. It wages war on the poor and not on poverty, because it is not with a tax reduction of $3 per year for a father of a family who has two dependants and who earns $3,000—a reduction of about $3 a year or a little less than one cent a day—that one can fight poverty in Canada. That budget will create even more poor people, will even mass-produce them, if I may use that expression.

While in Ottawa a lot was being said about poverty, about two days after the speech from the throne, the Quebec government announced that various taxes were being increased. Poverty is discussed in Ottawa and taxes are increased in Quebec. That is an instance of co-operative federalism which we are asked to swallow. It is probably the kind of co-operative federalism which, according to the Secretary of State (Mr. Lamontagne), is to be found between trusteeship federalism and confederative federalism. For the Secretary of State, co-operative federalism is to be found between two chairs—and let us say in passing that he knows a lot about furniture. While poverty is discussed in Ottawa, taxes are discussed in Quebec.

The present Quebec government, which can be compared with that of Ottawa, has levied 87 kinds of new taxes since 1960. Nevertheless, we had been told at that time that the government would administer the province without any increase in taxation. Has the premier of that province been playing on words or did he intend to administer the province with a hundred kinds of new taxes. If such is the case, he would lack only 13 of them to reach his goal.

Instead of fighting poverty in Canada, our government is trying to help the poor in other countries, especially those in England. Did we not grant a $268 million loan without interest to the Bank of England in order to save the pound sterling? But to save the needy in Canada, they will continue to invent all possible kinds of taxes. To help others, let us burden our own people. That is what the government seem to be saying. They maintain their policy of trying to help the poor in foreign countries rather than those who have difficulties in our own country, Canada, a country so rich in production, in natural resources, in all kinds of things but where, according to the speech from the throne, poverty is to be found.

Looking into this mirror held up to facts, in the face of poverty in Canada and considering the wealth of resources of this country, we see in the last budget speech, no solution to deal with this problem, to attack or change the financial system or to correct the financing system, because of which the production is not geared to consumption.

This evening I should especially like to develop one point which the Minister of Finance laboured for quite a while in his budget speech, namely public capital. Because for quite a long time we of the Ralliement Créditiste have been stating that there is an enormous difference between social capital, or public capital, and private capital.

Private capital is a productive capital. It is a capital that can be invested in an industry, in a private enterprise. Production can be made with such capital, and with such production, profits can be made, and out of those profits, interest can be paid. On the other hand, there is also a public capital. That capital does not produce; it does not yield anything to anybody, it does not bring any return to the community, to the Canadians as a whole. And today with our present finance system everything is confused. No difference is made between private and public capital. No attention is paid to the difference between the two. The worst nonsense is that people realize now that public capital is a danger to private capital.

When bridges, roads, schools, sidewalks, sewer systems, waterworks or any public capital development which belongs to everybody is built, it produces nothing, because a school cannot produce a school after ten

years, nor a bridge produce another bridge after 15 or 20 years, and it is the same for a road. This capital does not yield anything.

Then, why does our present financial system compel society, when we build bridges, roads, schools, sidewalks, waterworks or any public social development, to pay three, four, five, seven and ten times for that public capital, while it has been produced only once?

It is a mathematical nonsense, and that is where our present financial system is unarithmetical, unscientific, while the Social Credit system which we advocate would put the Bank of Canada at the service of public capital, of social capital, at the disposal of our public institutions so that they could realize their development of public capital without compelling individuals to pay five, six, seven, eight and even ten times for those achievements.

• (9:40 p.m.)

I was talking recently with a staunch Liberal who was saying that taxes were increasing every day and every year and once I had shown him the comparison between social capital and private capital, he agreed with me.

Nowadays the sidewalks, bridges, waterworks and sewer systems in our municipalities and cities cost more, after a number of years, than the houses near which they are built.

The sidewalks that are built are paid 15 and 20 times over. The Jacques Cartier bridge was built a few years ago. Its cost was paid more than 20 times over through interest and the debt still exists in the books; as a matter of fact, it is part or our national debt.

Why is it that our sidewalks, our bridges, our highways, our sewer systems and our schools cost so much nowadays? It is due to the fact that we do not have any financing system in the public sector. We make no distinction between public capital and private capital. Why cannot our municipalities, our school boards borrow from the Bank of Canada, by way of bonds, the sums required for their development? Those sums would then be repaid to the Bank of Canada according to the depreciation of our public developments. The credit of the Bank of Canada, under Créditiste principles, would be put into circulation in terms of the development in the public sector.

For instance, if we built a school costing a million dollars, a credit of $1 million would be granted to the school board concerned in order to build its school. If according to the engineers, the school would last 20 years, the Bank of Canada would be reimbursed at a rate of $50,000 per year. This means that at the end of 20 years the total debt, or the cost of the public capital involved, would have been repaid.

But today it takes 25, 30, 40 or 50 years to pay for a school, so that by then it is obsolete. The same thing applies to roads unfit for traffic and for bridges no longer in existence; yet, the amount of public capital involved still figures in our national debt.

The present structure of our financial system, according to the Créditistes, will in the long run completely destroy the public financial sector and reduce by 100 per cent the value of money in Canada. Why? Because the federal government, responsible for the administration of public affairs, has no financial system to satisfy the many needs for public capital in the country. The only thing they can do, and they do it, is to borrow from the United States. They borrow in Europe and everywhere in the world, or from Canadian chartered banks.

They borrow from private institutions to develop the public sector and that is why we claim that the Minister of Finance (Mr. Gordon) will be required through legislation and with the assistance of a credit commission, to make credit a social proposition, if you wish. In other words, public capital will have to be made available to companies at administrative cost, because today public capital is destroying private capital due to taxes that are going up constantly; indebtedness is increasing. In fact, the interest on the public debt this year will exceed $1 billion. Why? To pay interest to private institutions, to banks, because they have advanced to the government of our nation the necessary credit to permit the development of the public sector. On the other hand, under the Social Credit doctrine the federal government could use the Bank of Canada to put credit in circulation or withdraw it according to the depreciation of public developments.

That is where our system is scientific. We put money or credit in circulation according to the existing guarantees or values. Instead of assuming obligations toward other countries to bring money to Canada, we could assume commitments toward the Bank of Canada to put our credit in circulation, according to the development of our country, and take money out of circulation according

to the consumption of our public production, to the depreciation of our social capital.

If we are unwilling to stop and see that our financial system itself is carrying a cancer, we will not succeed in finding a way out. If the federal government insists on leaving the control of finance and credit in the hands of individuals, namely eight private undertakings which are the banks, it is obvious that those private undertakings called banks will ruin the country and also the savings of individuals and investors.

It is ridiculous that sidewalks, sewers and roads built in front of our houses should cost more than the houses themselves. None the less, that is the present situation, which proves that our financial system is archaic, out-dated and out-moded. That is why members of Parliament should awaken, should stop playing politics and tackle the only real problem which exists in Canada—finance.

We are wasting time in this house in trying to find solutions. We are looking in the wrong places to find money for the administration of the country. Yet, it was Mr. Mackenzie King, the former Prime Minister of Canada, who said:

> Give me control over money and credit of a nation and I need not care about its lawmakers.

The statement made by Mr. Mackenzie King in 1935 is still true today. Those who control our financial system do not care about us, in this house. Why? Because, as far as they are concerned, we are only makers of laws that will bring interest to those who hide behind the bank counters and who make money as they see fit and as much as they want.

If they decide one day to bring about prosperity in Canada, they put billions of dollars in circulation, but the day after, if they decide to restrict credit, they declare that money is scarce. Then businesses become shaky and bankruptcies increase. Why? Because a group of individuals have been allowed to control our finance and they can do as they please, because the Minister of Finance fails to assume his responsibilities, having been elected by those who actually control finance behind their counters.

That is why we, in this corner of the house, are shocked at the position taken by the Liberal party which pretends to fight poverty but keeps on maintaining a financial system likely to mass-produce poor people, because the exemptions announced in the budget will still favour the rich at the expense of the poor.

Mr. Speaker, if hon. members could be serious for a moment, they would consider our suggestion. If there are other suggestions, let them be made without delay so that our city problems may be settled. In fact, I know of towns in the eastern townships, in the province of Quebec and elsewhere in Canada, where nearly 65 or 70 per cent of the municipal budget is assigned to interest on the municipal debt. There remains only 20 or 25 per cent to be spent on waterworks, police services, in brief on municipal services. Some 65 to 70 per cent of the budget is used to pay the interest on municipal debts while we, in this house, could enable our public bodies and municipalities to obtain the necessary public capital and to pay the cost once only.

Mr. Speaker, we, from the Ralliement Créditiste, do not say that we will give schools to everybody, that we will build roads without having to pay for them. We do not say that we will build sidewalks and that we will have nothing to pay for that. We never said that. We always stated that the Bank of Canada should issue credit in keeping with public development and remove it from circulation according to public consumption.

If a bridge costs a million dollars and will last 20 years, we should remove $50,000 a year from circulation over 20 years; after 20 years the bridge would be depreciated and the debt would be paid. Under this system we would have paid once for our public capital, our schools, our sewers and our sidewalks. But under the present financial system, we pay the cost of one school for us against the cost of five schools to finance companies.

We pay the cost of one road for us and that of five or ten roads to the financiers. We pay the cost of one sidewalk for us and that of ten to the financiers. And yet we get only one sidewalk, one bridge, one road. A school does not multiply at the end of the year, nor does a road or a bridge.

If public capital is non-productive capital, if social capital does not benefit anyone, why force the Canadian people to pay 10, 15 and even 20 times their public capital?

That explains why our public debt keeps increasing; that explains most of the municipal, provincial and school board debts.

It is easy to say: Masters in our own house. But where does the money come from? From foreigners. We know that last year we gave more than $1 billion in interest to the banks. We gave $1 billion in profits to financiers. Had we had a financing service of public capital through the Bank of Canada we could

have saved $1 billion in interest on the national debt and another $1 billion in dividends to foreigners.

This is where the trouble lies. This is the reason why I wanted to speak tonight, just to talk about this subject: public capital and private capital.

If some want to spoke fun at the Social Credit, let them suggest another solution to pay off our debt, to lower our taxes, to fight poverty, not just in the speech from the throne but in our homes.

People can laugh about Social Credit, but it requires less intelligence to laugh about something than to understand it.

For some years we have been living with a financial cancer. No matter the amounts of money we own individually, one day, sooner or later, because of that financial cancer, we shall all be subjected to state socialism, that is we shall all become proletarians under the government's thumb, since public capital will have destroyed, eroded, burst our private capital.

What is the use of hoarding fortunes, of working to save money, if we have in Canada a financial system which destroys from inside the value of our money?

I agree to pay, but only once, for our bridges, our roads, our sidewalks. But if we pay for them more than once, because our Minister of Finance does not have enough courage to take his responsibilities and to put public finance at the service of the Canadian public, we shall keep on being plundered and robbed, and we shall have a system which is nothing but a pickpocket system.

We have known some pickpockets in this country. However, we do not have known pickpockets at the present time, but a pickpocket financial system established in Canada. The duty of the federal members is to change and improve the system.

There are in Canada private enterprises which ask nothing more than to be helped, and our private enterprise system should be supported. But according to the financial system under which we live at present, private enterprise is doomed to bankruptcy, since public capital, social capital erodes and destroys it, step by step, little by little, day by day.

The purpose of these few remarks, Mr. Speaker, was to show that the recent budget of the Finance minister offers no economic solution and no financial reform which would enable Canada to progress, not by getting into debt faster than it progresses but by getting rid of its debts.

In his budget speech the Minister of Finance did not say how he intends to pay or reduce the national debt eventually. He made no mention of that. That issue is not to be touched upon because the national debt is a very paying proposition—$1,103 million for 1964-1965—for the Canadian financiers who did not support the Créditistes, unfortunately; instead, they favoured the present government because its members are here to serve the interests of those who elected them and financed their campaign.

In concluding my remarks, Mr. Speaker, I would appreciate the Minister of Finance letting us know what he thinks and telling us whether, in his view, public capital and private capital are the same thing. We would also like to know whether he can offer a solution so that we may not only pay our national debt, but also lower the interest rate on that debt and reduce taxes, while maintaining progress in this country, for the greatest profit of Canadians.

• (9:50 p.m.)

[*Text*]

Mr. Deputy Speaker: The hon. Member for Durham.

Mr. Russell C. Honey (Durham): Mr. Speaker, I observe that it is now one minute to ten o'clock, and in order that I may have the opportunity to make my remarks without their being broken over the evening adjournment, may I call it ten o'clock.

Mr. Deputy Speaker: Is it the desire of the House that the Chair call it ten o'clock?

Some hon. Members: Agreed.

PROCEEDINGS ON ADJOURNMENT MOTION

A motion to adjourn the House under Provisional Standing Order 39A deemed to have been moved.

EXTERNAL AFFAIRS—BOUNDARY WATERS—REQUEST FOR DEFINITION RESPECTING GOVERNMENTAL WORKS

Mr. Ralph Cowan (York-Humber): Mr. Speaker, this afternoon I rose and asked a question of the Minister of Justice with regard to the International Boundary Waters Treaty of 1909. This is a question of immediate, pressing moment to the Government and to the Department of Justice in view of the filling that is going on on the north shore of Lake Ontario between the Humber River

and Etobicoke Creek. This is a distance of about four miles on the north shore of Lake Ontario and concerns four municipalities, the township of Etobicoke, the Town of Mimico, the town of New Toronto and the Village of Long Branch. During the last several years tens of thousands of loads of fill, clean earth in every respect, have been dumped from the shoreline on the north side of the lake into the water immediately in front of the property involved in the four municipalities I have mentioned. Now a problem has arisen, primarily in the Village of Long Branch, with regard to the 5½ acre fill that has been made on a so-called patented water lot.

I asked the Minister of Justice this afternoon if the Department of Justice would not seek an interpretation from the Supreme Court of Canada as to what the adverb "materially" might mean; because approaches have been made to the International Joint Commission to have them stop this filling, or dumping of good, clean earth into Lake Ontario, which is a boundary water between the United States and Canada, as it is affecting the water levels and therefore comes within the purview of the International Joint Commission.

Under Article III of the Treaty of 1909 between the United States and Great Britain on behalf of the Dominion of Canada, it is provided that the Government of the United States on the one side, and the Government of Canada on the other, may—

> —carry on governmental works in boundary waters for the deepening of channels, the construction of breakwaters, the improvement of harbours, and other governmental works for the benefit of commerce and navigation, provided that such works are wholly on its own side of the line and do not materially affect the level or flow of the boundary waters on the other—

When approaches are made to the International Joint Commission as to why they do not stop this dumping of earth on the north shore of Lake Ontario, we are advised that there has never been an interpretation of that adverb "materially". Does "materially" mean one millionth of an inch in the water level of Lake Ontario, or does it mean 10 feet, or 16 feet? There is no definite definition of that adverb, and the Canadian ratepayers living along the lake front from the Humber River to Etobicoke Creek are vitally interested in ascertaining what is meant by "materially".

• (10:00 p.m.)

While I am pressing upon the Minister of Justice (Mr. Favreau) the necessity of having a definite reference to the Supreme Court for an interpretation of the word "materially", might I suggest that he also seek an interpretation of the phrase "patented water lot"?

In the case of the Village of Long Branch a situation has developed that can only be described as ridiculous. In the original patent granted to the Township of Etobicoke it was established that its eastern and western boundaries should run from the International Boundary line in the middle of Lake Ontario, back eight or ten miles on land to the present north boundary of Etobicoke. This meant that there were dozens of acres of Lake Ontario which actually were part and parcel of Etobicoke, according to the original township patent that was granted.

In 1930 the residents of the Lake Ontario shore of Etobicoke nearest Etobicoke Creek decided to create the Village of Long Branch. They made an application to the necessary Provincial authorities and were granted status as a village. The outline of the village was set out in the incorporation, but no attention was paid to the fact that a portion of Lake Ontario in front of the Village of Long Branch was part of Etobicoke. A company has now dumped in fill to a depth of eight feet above water level, creating a 5½ acre site. They asked the Village of Long Branch to zone the area as suitable for apartment development. This fill is actually in the Township of Etobicoke, although separated from the land portion of Etobicoke by the Village of Long Branch.

Last night the Village Planning Board and Council of the Village of Long Branch granted the owners of this 5½ acre site in Lake Ontario the right to build an 18 storey apartment building. At the same time, ridiculous as it may seem, the Township Council of Etobicoke zoned this piece of property, which is in the Township of Etobicoke, south of Long Branch, for open park purposes.

I draw the attention of the Minister of Justice to the ridiculous situation which exists there. Unless a clearcut statement is made by the International Joint Commission in respect of this situation, a precedent will be established, and the thousands of owners of waterfront land that lies from the City of Kingston clear through to Pigeon River on Lake Superior on the Canadian side, and from Cape Vincent, New York State, right through to Duluth, Minnesota on the other side, cannot be controlled in so far as building up land on their foreshore is concerned.

For this reason I would ask the Minister of Justice to give serious consideration to my request that the Supreme Court of Canada

be asked to definitively interpret the meaning of the word "materially" which appears in Article III of the treaty between Canada and the United States, dated 1909. I hope he will at the same time seek a legal and binding interpretation of the phrase "patented water lot".

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): Mr. Speaker, hon. Members will recognize at once that this is an important and very serious question in respect of which the hon. Member for York-Humber (Mr. Cowan) and the hon. Member for York West (Mr. Kelly) have been very active. I think it is very clear from the presentation this evening by the hon. Member for York-Humber that both as a matter of fact and as a matter of law this is an exceedingly complicated question. It is a very difficult situation which involves an interpretation of a Federal statute, the Navigable Waters Protection Act, as well as an interpretation of the Boundary Waters Treaty. This will involve very difficult questions of law. The Department of Justice will want to give serious consideration to both the suggestions of the hon. Member, that binding interpretations of the relevant provisions be sought from the appropriate authorities.

Motion agreed to and the House adjourned at 10.07 p.m.

HOUSE OF COMMONS

Wednesday, May 5, 1965

The House met at 2.30 p.m.

• (2:40 p.m.)

PRIVILEGE

MR. WINKLER—RADIO NEWS REPORT RESPECTING HOUSE VOTE

Mr. Eric A. Winkler (Grey-Bruce): Mr. Speaker, last night during the course of the late news Mr. Ab Douglas of CJOH-TV, had this to say:

> Once again absenteeism in the Conservative party failed to topple the Liberal Government. This proves that John Diefenbaker no longer has the support of his own party.

Some hon. Members: Hear, hear.

Some hon. Members: Shame.

Mr. Winkler:

> Members of his party failed to vote because they do not want to topple the minority Liberal Government.

I cannot vouch for the exact wording, Mr. Speaker, because I was denied a transcript of the broadcast.

Some hon. Members: Shame.

Mr. Winkler: Mr. Speaker, these words are not in accordance with the facts. Following I give you, the House and the country the percentages of the attendance at Monday night's vote: Progressive Conservative, 85.11 per cent—

Some hon. Members: Hear, hear.

Mr. Winkler: Liberals 79.85 per cent—

Mr. MacEwan: Come on; jeer now.

Mr. Winkler: Social Credit, 77.78 per cent; Ralliement Creditiste, 69.23 per cent; and N.D.P., 61.12 per cent.

Some hon. Members: Oh, oh.

Mr. Knowles: What about Thursday?

Mr. Winkler: It will, of course, be borne in mind that the Social Credit party, voting with the Government, maintained the Liberal party in power. My question of privilege is this, that Mr. Douglas should not in a political, partisan manner falsely impute motives in regard to members of the Conservative caucus, nor should he mislead the public in this way.

QUESTIONS

(Questions answered orally are indicated by an asterisk.)

*MARK SMERCHANSKI, WINNIPEG—CRIMINAL CHARGES

Question No. 9—**Mr. Fisher:**

1. Did the crown appoint special counsel to prepare tax evasion charges and/or to act on its behalf in a criminal investigation regarding tax evasion by a Mark Smerchanski, of Winnipeg, Manitoba? If so, what was the counsel's name, the date of his appointment, the amount of fees paid to him as of the present date, was he instructed to prefer criminal charges against Mark Smerchanski as a result of his investigation and if so, when, and, as a result, what criminal charges, if any, were recommended to the crown?

2. Did the crown proceed with any criminal charges against Mark Smerchanski as a result of such recommendations and, if not, for what reason?

3. At what date, if ever, did the crown instruct counsel to discontinue any criminal proceedings against Mark Smerchanski? If so, on whose authority were these instructions issued?

4. Did the crown receive any out of court settlement in the Smerchanski case? If so, when, what was the amount, and what items did it cover?

5. During the period between the instructions, if any, to counsel to institute criminal proceedings and any out of court settlement did the departments concerned, including the Minister of Justice or the Minister of National Revenue or the Prime Minister receive any representations, of either telephonic, letter, or personal visit form with regard to this case from any of the following residents of greater Winnipeg, Joseph O'Sullivan, or Gildas Molgat and, if so, when, and what was the gist of such representations?

6. Were the books, records, and accounts of Mark Smerchanski and any companies or partnerships in which he had an interest seized by the Department of National Revenue or any of its agents, and, if so, on what date did this take place and on what date were they returned?

Hon. E. J. Benson (Minister of National Revenue): Without engaging in a discussion of the secrecy provisions of the Income Tax Act, I wish to point out that the taxpayer mentioned in the question has appealed to the Exchequer Court of Canada and the matter is thus sub judice.

*BICULTURALISM COMMISSION—QUESTIONNAIRE TO MEMBERS OF PARLIAMENT

Question No. 18—**Mr. Nasserden:**

1. Is Professor Meisel, of the Political Science Department of Queen's University, employed by the Royal Commission on Bilingualism and Biculturalism?

Questions

2. What is the nature of his duties?
3. What are the names and addresses, and occupation of those he has authorized to conduct a survey of members of the House of Commons?
4. What are the names and addresses of person or persons that were consulted in preparation of the oral and the typewritten questionnaire authorized by Professor Meisel for use in the survey of members of parliament?

Mr. Jack Davis (Parliamentary Secretary to Prime Minister): I am informed by the Royal Commission on Bilingualism and Biculturalism as follows:

1. Yes, on a part time basis.

2. He is one of the research supervisors under the director of research.

3. Only the Commission authorizes the conducting of research studies. Professor Meisel's duties are supervisory.

4. The questionnaires were prepared on the responsibility of the commission after consultation with only research staff and technical advisers of the Commission.

PROVINCIAL CENTENNIAL PROJECTS

Question No. 23—**Mr. Nasserden:**

1. How many projects in each province have been approved for grants in the federal-provincial centennial grants program?
2. What is the total amount granted for each province to date?

Hon. Maurice Lamontagne (Secretary of of State): I have been given the following answer by the Centennial Commission.

1. Number of Centennial Projects approved by Centennial Commission as at April 6, 1965:

	Local Centennial Projects	Conf. M. Projects
Newfoundland	24	1
P.E.I.		1
Nova Scotia		1
New Brunswick	1	1
Quebec	6	
Ontario	144	
Manitoba	5	1
Saskatchewan	59	
Alberta	6	
British Columbia		1
Yukon		1
N.W.T.		
Total	245	7

2. Amount of Grants approved by Centennial Commission as at April 6, 1965.

[Mr. Nasserden.]

	Local Centennial Projects	Memorial Projects
Newfoundland	$ 139,842.00	$ 2,500,000
P.E.I.		2,800,000
Nova Scotia		2,500,000
New Brunswick	20,210.00	2,500,000
Quebec	1,549,999.99	
Ontario	1,776,586.52	
Manitoba	12,935.00	2,500,000
Alberta	653,001.50	
Saskatchewan	93,376.01	
British Columbia		2,500,000
Yukon		2,500,000
N.W.T.		250,000
Total	$ 4,245,957.02	$15,550,000

SAGUENAY RIVER CHANNEL DREDGING

Question No. 61—**Mr. Côté (Chicoutimi):**

1. Will dredging operations be started soon in the Saguenay river channel near Chicoutimi?
2. What will be the cost of this project?
3. After these works have been carried out, what will be the maximum tonnage allowed for vessels berthing in the port of Chicoutimi?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): 1. Planned for 1966.

2. Estimated to cost $500,000.

3. Ships having a loaded draft of 26 to 27 feet will be enabled to dock at Chicoutimi by making use of the tides.

FOREST ACCESS ROADS, CHICOUTIMI COUNTY, QUE.

Question No. 63—**Mr. Côté (Chicoutimi):**

1. What was the federal government's financial participation in the building of forest access roads in the county of Chicoutimi since the inauguration of the program?
2. What is the total mileage of roads constructed in the county to date?
3. Are there other projects under way at the present time and, if so (a) what are they, and (b) what is their estimated cost?

Hon. Maurice Sauvé (Minister of Forestry): 1. $149,617.

2. 36.3 miles.

3. (a) (i) Forest inventory—Lac Poulin de Courval; (ii) Fire protection buildings—Saguenay Domanial forest. (b) (i) $18,000; (ii) $36,000.

CERTIFICATES UNDER SECTION 71(A)(6) INCOME TAX ACT

Question No. 77—**Mr. MacInnis:**

1. How many certificates have been issued by the Minister of Industry under the provisions of section 71(a)(6) of the Income Tax Act?

2. What is the name of each company to whom a certificate has been issued?

3. What is the nature of the new manufacturing or processing business being carried on by each such company, and what is the description of the designated area in which each such manufacturing or processing business is being carried on?

Hon. C. M. Drury (Minister of Industry): 1, 2 and 3. No certificates granting exemption from income tax have been issued by the Minister of Industry under section 71a of the Income Tax Act. Such certificates are issued only after firms have fulfilled the requirements of the act for the year concerned. The first new businesses to be established after commencement of the program on December 5, 1963, are just completing their first qualifying year.

LETTER BOX PICK-UP CONTRACT, THE PAS, MAN.

Question No. 81—**Mr. Simpson:**

1. Was a Post Office Department letter box pick-up contract formerly held by Mrs. Margaret Drinnan or Drinnan's Transfer of The Pas, Manitoba, terminated during 1964?

2. With whom was a new contract entered into?

3. Were there any representations in this regard and, if so, by whom?

Mr. Alexis Caron (Parliamentary Secretary to Postmaster General): 1. Yes. Drinnan's Transfer.

2. Mr. Cal Gibson, The Pas, Manitoba.

3. The contract was authorized in accordance with section 23 of the Post Office Act. There is no record of any representations.

ANSE AU FOULON, QUE.—CUSTOMS EXAMINATION HALL

Question No. 93—**Mr. Beaulé:**

1. Is the Department of Transport authorized to build an examination hall for baggage in shed "A" at Anse au Foulon, Quebec, for the Customs Branch of the Department of National Revenue?

2. What has happened to the plan submitted by the Customs Branch of the Department of National Revenue for construction of this examination hall?

3. What was the estimated cost of this examination hall?

4. What will the National Harbours Board ask as an annual rental from the Department of National Revenue for the use of this hall if it is built?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The National Harbours Board informs as follows:

1. No.

2. See answer to part 1.

3. See answer to part 1.

4. See answer to part 1.

TRANSATLANTIC PASSENGER AND CARGO TRAFFIC

Question No. 94—**Mr. Beaulé:**

1. How many transatlantic passenger vessels berthed at the Anse au Foulon quay, in Quebec, to disembark or load passengers for Europe, in the years 1960, 1961, 1962, 1963, 1964?

2. How many transatlantic passenger vessels called at Quebec, en route to Montreal, and disembarked passengers in years 1960, 1961, 1962, 1963, 1964?

3. How many transatlantic passenger vessels passed Quebec en route to Montreal, in the years 1960, 1961, 1962, 1963, 1964?

4. How many transatlantic cargo vessels berthed in the port of Quebec to deliver goods to Quebec, and to accept delivery of goods for European destinations in the years 1960, 1961, 1962, 1963, 1964?

5. How many transatlantic cargo vessels stopped at Quebec, en route to Montreal, in the years 1960, 1961, 1962, 1963, 1964?

6. How many transatlantic cargo vessels passed Quebec, en route to Montreal, in the years 1960, 1961, 1962, 1963, 1964?

7. Does the Department of Transport plan to improve and enlarge the port of Quebec and, if so, what plans have been developed?

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The National Harbours Board informs as follows:

1. 1960—10; 1961—5; 1962—5; 1963—4; 1964—2.

2. 1960—114; 1961—65; 1962—80; 1963—65; 1964—58.

3. No record.

4. 1960—854; 1961—801; 1962—810; 1963—794; 1964—838.

5. 1960—283; 1961—237; 1962—287; 1963—253; 1964—202.

6. No record.

7. The shipping facilities at Quebec harbour are under constant review by the National Harbours Board, and additions and improvements are made in the facilities when justified. In 1964, capital projects comprised construction of grain elevator annex, reconstruction shed A, construction of cross wall building, modifications to marine towers, paving of roadway to Berth 50, repairs to wharf and installation of drains at Shed A, asphalt paving at Wolfe's Cove terminal, and minor items including the following:

Construction of a police station at Princess Louise Docks, renovation of Cold Storage Office, modifications at the Cold Storage Fish House, and installation of telephone exchange at the grain elevator.

Funds expended on capital account during the year was $3,197,163.

Maintenance and repairs for the year amounted to $628,088.00.

During 1965 Capital Works are planned including an extension to St. Charles Estuary

Questions

Wharf, construction of Shed B, gear rooms and offices at Princess Louise Docks, fire protection in sheds, fast freezing equipment in Fish House, access roadway to Levis Wharf, Water Supply and Fire Protection System at St. Charles River Estuary Wharf.

*ROYAL COMMISSION QUESTIONS TO MEMBERS OF PARLIAMENT

Question No. 95—**Mr. Mandziuk:**

1. Under what authority or provisions in the terms of reference under which the Royal Commission on Bilingualism and Biculturalism was set up are interviews of members of parliament being made by representatives of said commission?

2. For what purpose were such persons authorized to do so?

3. Were the questions in the questionnaire being used, drafted by the commission?

4. What term or portion of the Order in Council setting up the said commission justify the following questions being asked by the Commission representatives (a) 1 to 21 inclusive (b) 22, subsections b to e inclusive (c) 23, subsections a to f inclusive (d) 24 to 28 inclusive (e) 29, subsections d and e (f) 31 to 33 inclusive (g) 36 (h) 38 to 41 inclusive (i) 42, subsections a, b and e?

Mr. Jack Davis (Parliamentary Secretary to Prime Minister): I am informed that the answer is as follows, and again the source was the Royal Commission on Bilingualism and Biculturalism:

1. The Committee of the Privy Council by P.C. 1963-1106 approved by the Governor General on the 19th of July, 1963, appointed the Commissioners "...under Part I of the Inquiries Act to inquire into and report upon the existing state of bilingualism and biculturalism in Canada and to recommend what steps should be taken to develop the Canadian Confederation on the basis of an equal partnership between the two founding races, taking into account the contribution made by the other ethnic groups to the cultural enrichment of Canada and the measures that should be taken to safeguard that contribution..." And further: "that the Commissioners adopt such procedures and methods as they may from time to time deem expedient for the proper conduct of the inquiry."

2. To conduct a research study to assist the Commissioners in carrying out the provisions of the terms of reference referred to in the answer to part 1 above.

3. The questions were drafted on the responsibility of the Commission.

4. See answer to part 1 above.

PROVINCIAL CENTENNIAL PROJECTS

Question No. 100—**Mr. Coates:**

1. How many projects in each province have been approved for grants in the federal-provincial centennial grants program?

[Mr. Cantin.]

2. What is the total amount of grants for each province which as been approved to date?

Hon. Maurice Lamontagne (Secretary of State): I have been given the following answer by the Centennial Commission.

1. Number of Centennial Projects Approved by Centennial Commission as at April 8, 1965:

	Local Centennial Projects	Conf. M. Projects
Newfoundland	24	1
P.E.I.		1
Nova Scotia		1
New Brunswick	1	1
Quebec	6	
Ontario	144	
Manitoba	5	1
Saskatchewan	59	
Alberta	6	
British Columbia		1
Yukon		1
Total	245	7

2. Amount of grants approved by Centennial Commission as at April 8, 1965.

	Local Centennial Projects	Memorial Projects
Newfoundland	$ 139,848.00	$ 2,500,000
P.E.I.		2,800,000
Nova Scotia		2,500,000
New Brunswick	20,210.00	2,500,000
Quebec	1,549,999.99	
Ontario	1,776,586.52	
Manitoba	12,935.00	2,500,000
Saskatchewan	93,376.01	
British Columbia		2,500,000
Yukon		250,000
N.W.T.		
Total	$ 4,245,957.02	$15,550,000

PROFITS OF POST OFFICES, VILLENEUVE COUNTY, QUE.

Question No. 119—**Mr. Caouette:**

What net profit was made by each of the post offices in the county of Villeneuve during the years 1962, 1963 and 1964?

[*Translation*]

Mr. Alexis Caron (Parliamentary Secretary to Postmaster General): The net profit made by each of the post offices in the county of Villeneuve for the fiscal years 1962, 1963 and 1964 is not available. Complete alloca-

tion of all costs chargeable to the conduct of operations and the provision of services in each individual post office is not being made and cannot be provided.

[*Text*]

PUBLIC WORKS EXPENDITURES, VILLENEUVE COUNTY, QUE.

Question No. 124—**Mr. Caouette:**

Questions

1. What amount was spent by the Department of Public Works in municipalities in the County of Villeneuve during the years 1962-63-64?

2. On what projects were sums spent?

3. Does the Department have projects under way and, if so, what are they?

[*Translation*]

Hon. Lucien Cardin (Minister of Public Works): 1 and 2.

Location	Project	1961-62	1962-3	1963-64
Bourlamaque	Maintenance and operation	$ 4,063.80	$ 4,094.45	$ 4,464.47
Cadillac	Maintenance and operation	1,405.00	1,440.00	1,440.00
	Survey for Post Office	—	—	521.58
Duparquet	Survey for Post Office	—	—	750.00
Lac Blouin	Survey	—	—	345.00
Lac Boyer	Survey	425.00	—	—
Lac Demontigny	Water lot	—	—	50.00
Lac Dessarat	Dredging	810.86	8,318.65	200.00
Lac Duparquet	Wharf repairs	—	—	7,501.00
Lac La Motte	Dredging	200.00	—	—
Lac Lemoyne	Advertising	—	—	20.40
Lac Lois	Wharf construction and survey	2,091.71	3,779.75	—
	Water lot, repairs to concrete walls	—	—	2,635.80
Lac Maurier	Wharf construction	7,003.80	—	—
Lac Preissac	Wharf repairs	—	4,253.30	2,771.27
Malartic	Maintenance and operation	7,977.08	7,529.88	10,226.96
	Repairs and re-roofing	6,233.50	—	—
	Wharf repairs	—	3,012.47	5,363.06
Noranda	Maintenance and operation	12,697.19	14,963.97	18,351.09
Rivière Solitaire	Demolition and reconstruction of wharf	—	6,625.00	—
Rouyn	Maintenance and operation	11,119.27	8,599.18	10,185.51
	To complete additions and alterations	35,128.17	—	—
	Site and legal fees	—	6,001.14	—
	Maintenance and operation	10,743.03	10,876.68	14,185.11
Val d'Or	Maintenance and operation	20,733.90	10,976.70	13,602.52
	Construction of wharf	—	—	13,960.49

3. Yes. Duparquet, Construction of Post Office building; Evain, Construction of Revenue Post Office building; Remigny, Wharf repairs; Val d'Or, Construction of R.C.M.P. detachment building.

[*Text*]

*TOLL BRIDGE, FORT FRANCES, ONT.

Question No. 133—**Mr. Fisher:**

1. Has the Board of Transport Commissioners any responsibility for the toll bridge between Canada and the United States at Fort Frances, Ontario; if so, what were the total number of passengers or vehicles which crossed this bridge in the past five years and what was the income received by the owners of the bridge in that period?

2. For the past ten years, how much have the owners spent on repairs or changes in the bridge structure?

3. Is the bridge transit company a directly owned subsidiary of the Minnesota and Ontario Paper Company; if so, where is the head office of this corporation?

4. How many such toll bridges in private hands exist between Canada and the United States?

[*Translation*]

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): The Board of Transport Commissioners for Canada advises as follows:

1. Yes. Pursuant to section 42 of the Railway Act, the Board of Transport Commis-

Questions

sioners for Canada has a toll jurisdiction. According to the records of the board based on the reports received, the total number of passengers for the five year period 1960-64 inclusive is 3,251,650. The total number of vehicles which crossed the bridge during the same period is 2,483,692 and the total net income for the same period is $215,294.

2. The figures available cover only the period 1959 to 1964 inclusive. During that period, the total amount spent on repairs is $108,997 or an average of $18,166 per year.

3. Yes. The head office address is Northstar Centre, 7th and Marquette Streets, Minneapolis, Minnesota 55402.

4. Two bridges and one tunnel.

[*Text*]

CENTENNIAL PROJECTS, BRUCE COUNTY

Question No. 140—**Mr. Loney:**

1. In the county of Bruce, what centennial projects have been approved to date?
2. What are the municipalities, the dates approved, and the amounts approved?

Hon. Maurice Lamontagne (Secretary of State): I have been given the following answer by the Centennial Commission.

Answers 1 and 2. Centennial Projects in the County of Bruce, Province of Ontario approved by the Centennial Commission to April 9, 1965:

Municipality	Project	Date Approved	Amt. of Fed. Cont'n Appr.
Township of Eastnor	Park	Feb. 19, 1965	$ 900.00
Village of Teeswater	Installation of Artificial Ice in Teeswater-Culross Memorial Arena	Dec. 7, 1964	2,688.00
Town of Hanover	Pavilion on Park lands	Dec. 7, 1964	4,374.00

*NORTHLAND LODGE, B.C.

Question No. 150—**Mr. Howard:**

1. What is the name of the person or group who operate the Northland Lodge along the Roger's Pass section of the trans-Canada highway?
2. When was the said lodge constructed and upon what date did the present operators obtain the right to operate it?
3. Were any tenders called for the right to operate the said lodge and, if so, what is the name of each person who tendered a bid and the amount of each bid?
4. If tenders were not called, by what method were the operators selected?

Mr. John N. Turner (Parliamentary Secretary to Minister of Northern Affairs and National Resources):

1. Northlander Motor Lodges Ltd., 2285 Commissioner St., Vancouver, British Columbia. President—H. J. C. Terry; Secretary—H. H. Hartford.

2. The right to operate the lodge was given April 19, 1963. A building permit for the construction of the lodge was issued August 21, 1963. The lodge was partially opened to the public on July 20, 1964.

3. Yes, but in addition to the lodge, the successful tenderer was required to establish a service station, coffee shop and general store with space for a post office, as well as to submit the most satisfactory proposal in regard to the quality of the proposed development in respect of architectural design both exterior and interior, landscaping, quality of service to the public, quality of furnishings and equipment to be provided, demonstrated ability to finance and operate the concession.

Name of Tender	Amount
Selkirk Development Ltd., 640 West Hastings Street, Vancouver, British Columbia.	$ 3,400
White, Stafford and Owen-Flood, Banff, Alberta.	5,000
Metro Hotels Ltd., 11311-105 Avenue, Edmonton, Alberta.	10,100
Columbia Motel Development Corp. Ltd., 11328 Jasper Avenue, Edmonton, Alberta.	10,000
Rogers Pass Chalet Ltd., (Graham, Blais, Feehan & Smith) 830 Tegler Building, Edmonton, Alberta.	3,400
Rogers Pass Chalet Ltd., (McLaws, Davis, Leslie, etc.) 301-8th Avenue, S.W., Calgary, Alberta.	4,001
Westisle Development Co. Ltd., 510 Sharpe Street, New Westminster, British Columbia.	3,400

Name of Tender	Amount
S. Notaris, B. Marmaras, G. Marean and D. Dacila, 629 West Pender Street, Vancouver, British Columbia.	10,000
Dr. H. Links and Associates, 10951-124 Street, Edmonton, Alberta.	13,600
Timber Steel Structures Ltd., 2190 West 5th Avenue, Vancouver, British Columbia.	5,133
McFord Development Limited, 13120-125 Avenue, Edmonton, Alberta.	10,000
Northlander Motor Lodges Ltd., 2285 Commissioner Street, Vancouver, British Columbia.	5,000
Glacier Village Limited, 1030 West Georgia Street, Vancouver, British Columbia.	6,000

4. Not applicable.

FEDERAL CENTENNIAL PROJECTS

Question No. 160—**Mr. Mather:**

1. How many Canadian Confederation Centennial projects have been approved at federal level?
2. What is the estimated cost, in dollars, of such projects?
3. What is the number and estimated cost of these projects, by provinces?
4. How much federal centennial money remains to be allocated for projects?

Hon. Maurice Lamontagne (Secretary of State): I have been given the following answer by the Centennial Commission.

1 and 2. Canadian Confederation Centennial Projects approved by the Centennial Commission to April 12, 1965:

	Number	Estimated Total Cost
Local Centennial Projects	264	$21,274,753.39
Confederation Memorial Projects	7	37,150,000.00

3. Local Centennial Projects approved to April 12, 1965:

Province	No.	Estimated Total Cost
Newfoundland	29	$ 925,273.00
New Brunswick	4	178,650.00
Quebec	6	5,420,000.00
Ontario	150	8,774,300.17
Manitoba	5	84,915.55
Saskatchewan	64	1,338,986.67
Alberta	6	4,552,628.00

Confederation Memorial Projects:

Province	No.	Estimated Total Cost
Newfoundland	1	$6,000,000.00
P.E.I.	1	5,600,000.00
Nova Scotia	1	6,000,000.00
New Brunswick	1	6,300,000.00
Manitoba	1	8,000,000.00
British Columbia	1	5,000,000.00
Yukon Territory	1	250,000.00

4. Federal Centennial Grants funds unallocated to specific projects:

Local Centennial Projects	$14,231,395.93
Confederation Memorial Projects	7,750,000.00

CANADIAN AMBASSADOR TO VATICAN

Question No. 173—**Mr. Lambert:**

1. Did the Prime Minister's office receive a copy of a resolution from the Supreme Convention of the Knights of Columbus in August of 1964, advocating the appointment of a Canadian Ambassador to the Vatican?
2. If so, was the receipt of such resolution acknowledged and in what terms?
3. What are the government's present views with regard to the appointment of a Canadian Ambassador to the Vatican?

Mr. Jack Davis (Parliamentary Secretary to Prime Minister): 1. The Prime Minister's office and the Department of External Affairs have not received a copy of a resolution of the Supreme Council of the Knights of Columbus in August, 1964.

2. Answered by (1).

3. The question of the appointment of a Canadian representative to the Vatican was raised in the House on February 22, 1965, and was replied to on March 3, 1965. There has been no change in the government's policy since then.

STANLEY PARK SEA WALL, BRITISH COLUMBIA

Question No. 195—**Mr. Basford:**

1. To date, what has been the total cost to the federal government of the sea wall at Stanley Park?
2. How many miles are completed and how many remain to be done?

Hon. Lucien Cardin (Minister of Public Works): 1. To date the total cost to the Federal Government of the sea wall at Stanley Park has been $646,784.99.

2. 4.2 miles have been completed and 1.3 miles remain to be done.

Questions

CENTENNIAL PROJECTS APPROVED, NIAGARA DISTRICT

Question No. 201—**Mr. McMillan:**

What centennial projects have been approved to date in the Niagara District in the Counties of Welland and Lincoln?

Hon. Maurice Lamontagne (Secretary of State): I have been given the following answer by the Centennial Commission.

List of projects approved to date in the Niagara District.

County of Welland: 1. Township of Willoughby, Park; 2. Village of Crystal Beach, Library; 3. Town of Fort Erie, Library.

County of Lincoln: 1. City of St. Catharines, Park; 2. Town of Grimsby and Township of North Grimsby, Park; 3. Township of South Grimsby, Park; 4. Township of South Grimsby, Public Library; 5. Township of Louth, Addition to Municipal Offices.

EXTENSION OF FRENCH BROADCASTING IN B.C.

Question No. 213—**Mr. Caouette:**

1. Did the Canadian Broadcasting Corporation or the Minister concerned receive in 1961 a petition signed by some 10,000 French Canadians from British Columbia, requesting the extension of the French radio and television networks to Vancouver and Victoria and, if so (a) what happened to this petition (b) for what reason was no action taken in this connection (c) would French Canadians not have the same rights in British Columbia as the English speaking have in Quebec, Rouyn, Val d'Or, Montreal, Chicoutimi and other towns?

2. Does the government plan to establish this radio and television service in order to do justice to the French Canadians of British Columbia?

3. When does the government plan to take action in this connection?

[*Translation*]

Hon. Maurice Lamontagne (Secretary of State): 1. I am informed by the Canadian Broadcasting Corporation that in 1961 a petition was received from "l'Association Canadienne-française de la Colombie-Britannique" requesting the extension of the French radio network to the Vancouver region.

(a) A reply was sent to the secretary-general of the association explaining the formula applied by the corporation in carrying out its extension of coverage program to Canadians of both official languages.

(b) The petitioners were informed that, as the estimated costs on a per capita basis were considerably higher than the costs estimated for many other areas of Canada also without service, the provision of French language stations in British Columbia would be considered after the areas with a lower cost per capita had been served.

(c) Yes, see 1 (b).

[Mr. Cardin.]

2 and 3. Government policy in this respect is to be considered after the Fowler Committee on Broadcasting has made its report.

[*Text*]

COST OF MAINTAINING IMMIGRATION OFFICES ABROAD

Question No. 219—**Mr. Dionne:**

What is the cost of maintaining the Canadian Government's Immigration offices abroad?

Mr. Hubert Badanai (Parliamentary Secretary to Minister of Citizenship and Immigration): Final figures on expenditures for the administration of Canadian immigration offices abroad are not yet available for the complete 1964-65 fiscal year. However, expenditures for the first 11 months of the fiscal year amounted to $3,003,189.

UNEMPLOYMENT INSURANCE APPEALS. QUEBEC

Question No. 224—**Mr. Dionne:**

1. How many people who have filed claims with the Unemployment Insurance Commission in Rivière-du-Loup and Montmagny appealed to the Board of Arbitration in 1963 and 1964?

2. How many decisions were (a) upheld (b) changed?

3. How much was overpaid to claimants who were not eligible under the Act and Regulations?

Hon. A. J. MacEachen (Minister of Labour): 1. The number of appeals to the Board of Referees were:

	Rivière-du-Loup		Montmagny	
	1963	1964	1963	1964
	118	112	104	73
2. Decisions upheld	85	77	74	54
Decisions not upheld	33	35	30	19

3. No record available.

UNEMPLOYMENT INSURANCE CLAIMANTS, QUEBEC

Question No. 225—**Mr. Dionne:**

How many unemployed claimants applied to the local offices of Rivière-du-Loup and Montmagny in 1960, 1961, 1962, 1963 and 1964?

Hon. A. J. MacEachen (Minister of Labour): Initial applications for benefit filed by claimants were:

	Montmagny	Rivière-du-Loup
1959-60	5,936	13,239
1960-61	5,921	13,053
1961-62	4,930	11,285
1962-63	4,535	10,667
1963-64	4,724	9,816
1964-65	4,574	9,998

ADMINISTRATION COSTS OF UNEMPLOYMENT INSURANCE ACT

Question No. 226—**Mr. Dionne:**

What were the administration costs of the Unemployment Insurance Act in Canada, each year, since its adoption in connection with (a) civil servants salaries in every class (b) salaries of the members of the Board of Referees (c) building maintenance?

Hon. A. J. MacEachen (Minister of Labour):

Year	Civil Servants Salaries	Remuneration Board of Referees	Building Maintenance
1942-43	$ 2,715,014	$ 3,584	$ 370,956
1943-44	6,760,952	16,367	523,668
1944-45	8,176,514	25,282	563,718
1945-46	10,807,132	35,157	837,589
1946-47	14,570,791	76,842	944,827
1947-48	14,071,983	68,962	1,007,349
1948-49	14,862,105	61,627	1,486,591
1949-50	15,755,951	63,124	1,724,478
1950-51	16,908,680	72,658	1,686,350
1951-52	18,614,720	59,455	1,578,242
1952-53	19,835,023	91,491	1,654,198
1953-54	20,830,716	77,595	1,773,393
1954-55	22,626,907	81,691	1,916,767
1955-56	22,788,521	81,142	DPW
1956-57	23,379,745	88,502	DPW
1957-58	28,216,487	113,611	DPW
1958-59	30,335,738	114,055	DPW
1959-60	30,812,362	126,284	DPW
1960-61	36,652,424	130,343	DPW
1961-62	39,840,127	147,175	DPW
1962-63	39,858,678	216,911	DPW
1963-64	42,317,551	218,202	DPW

UNEMPLOYMENT INSURANCE BENEFITS PAID

Question No. 227—**Mr. Dionne:**

What was the amount of benefits paid to unemployed people in Canada, each year, since the adoption of the Unemployment Insurance Act?

Hon. A. J. MacEachen (Minister of Labour):

Fiscal Year Ended	Amount
March 31, 1942	$ 27,753
1943	716,013
1944	1,721,666
1945	4,966,483
1946	31,993,240
1947	43,114,329
1948	34,947,020
1949	49,826,752
1950	85,824,202
1951	88,273,052
1952	90,154,437
1953	135,822,441
1954	186,851,513
1955	257,628,646
1956	215,205,544
1957	231,295,719
1958	385,076,330
1959	478,631,078
1960	415,234,067
1961	513,905,724
1962	454,739,439
1963	403,191,171
1964	365,654,718

UNEMPLOYMENT INSURANCE CONTRIBUTIONS

Question No. 228—**Mr. Dionne:**

What was the amount of contributions received by the Unemployment Insurance Commission in Canada, since the adoption of the Unemployment Insurance Act?

Hon. A. J. MacEachen (Minister of Labour): To March 31, 1964, $4,200,530,502.90.

REVIEW OF PREVAILING RATES, CAPE BRETON HIGHLANDS PARK

Question No. 258—**Mr. Muir (Cape Breton North and Victoria):**

1. On what date was the last review of rates carried out by the Department of Labour for all prevailing rate classifications at the Cape Breton Highlands National Park?

2. How soon will such a review be undertaken again?

Hon. A. J. MacEachen (Minister of Labour): 1. The last review of rates carried out by the Department of Labour of prevailing rate classifications at the Cape Breton Highlands National Park was completed in June 1964, effective April 1, 1964.

2. These rates are being reviewed again at the present time.

U.S. RESEARCH EXPENDITURES IN CANADA

Question No. 263—**Mr. Orlikow:**

1. How much money was spent in Canada in each of the past three years by the United States Government through its Department of Health, Education and Welfare and agencies like the National Institute of Health in research in the natural and biological sciences?

2. Has the government any information as to plans by these American agencies to reduce these grants in the coming year?

Hon. Judy V. LaMarsh (Minister of National Health and Welfare): 1 and 2. This information is not available.

ISSUE OF "CD" AUTOMOBILE LICENCES

Question No. 289—**Mr. Herridge:**

1. Are "C.D." licences issued to officials or other employees of the Department of External Affairs resident in Ottawa and if so, on what basis are these licences issued?

Order for Return

2. What are the names of the officials or other employees entitled to carry this type of licence?

Hon. C. M. Drury (Acting Secretary of State for External Affairs): 1. No.

2. Not applicable.

QUESTION PASSED AS ORDER FOR RETURN

RELATIONS WITH SOUTH AFRICA

Question No. 179—**Mr. Brewin:**

1. Does the Republic of South Africa continue to get the benefit of the British Preferential Tariff, as provided by the Customs Tariff Act, R.S.C. c.60 s.3?

2. Does Canada get the benefit of any preferential tariff granted by the Republic of South Africa?

3. What is the volume of imports into Canada from the Republic of South Africa and the items affected thereby, for the last year for which figures are available?

4. What is the volume of exports from Canada to the Republic of South Africa which receives the benefit of a preferential tariff granted by the Republic of South Africa and what is the nature of the items so affected?

5. Has any action been taken by the Governor in Council to withdraw the benefit of the British Preferential Tariff from the Republic of South Africa or is such withdrawal contemplated by reason of the fact that the Republic of South Africa has ceased to be a British country and within the Commonwealth of Nations?

6. What votes have been cast by Canada in the United Nations Security Council or General Assembly in respect to any actions or declarations of the United Nations or any agency thereof in respect to the maintenance of apartheid or other forms of racial discrimination within the Republic of South Africa?

7. What offices does the Government of Canada maintain in South Africa?

8. Are such offices bound by any laws relating to apartheid in the Republic of South Africa?

9. Has the Government of Canada made or caused to be made any studies, or has it undertaken or does it propose to undertake any studies or any course of action aiming at encouraging change in regard to the apartheid laws of racial discrimination within the Republic of South Africa?

10. Will the Prime Minister of Canada at the forthcoming Commonwealth conference make any proposals in respect to the continued enjoyment of the Republic of South Africa of preferential tariffs within the Commonwealth?

11. Is it anticipated that the subject of the attitude of nations of the Commonwealth in respect to apartheid in South Africa or the status of South West Africa will be discussed at the forthcoming Commonwealth Conference and what proposals, if any, will be made by Canada in respect thereto?

Return tabled.

[*Later:*]

Mr. D. V. Pugh (Okanagan Boundary): Mr. Speaker, on a question of privilege, I have had question No. 13 in my name on the order paper since April 5. Prior to that it was on the Order Paper for a month in the last session. It is not too difficult to answer. I should like it brought to the attention of the Minister of Transport, and it should be answered in *Hansard* forthwith.

[Mr. Herridge.]

• (2:50 p.m.)

LABOUR CONDITIONS

EXTENSION OF WINTER WORKS PROGRAM—MOTION FOR ADJOURNMENT UNDER STANDING ORDER 26

[*Translation*]

Mr. Gilles Grégoire (Lapointe): On a question of privilege—

[*Text*]

Mr. Speaker: Would the hon. Member allow us to finish the procedural part of the proceedings, unless his intervention relates to the answer the Parliamentary Secretary has just given? Is this a separate question of privilege?

[*Translation*]

Mr. Grégoire: Mr. Speaker, I rise to standing order 26. It is at this time, immediately after the question period, that I want to rise to this standing order 26, and not after notices of motions.

Mr. Speaker, I rise to standing order 26 to ask permission to put forward the following motion: I move, seconded by Mr. C. A. Gauthier, that the business of the house be now adjourned for discussion of a precise matter of urgent public importance, that is, the bad operation in the federal administration with regard to the extension to May 31 of winter works.

Mr. Speaker, I submit that the motion we propose today is completely in order under standing order 26.

In the first place, this is a very precise and limited matter, namely the poor operation in the federal administration with regard to the extension of winter works until May 31. Second, as required under the rules, this is a matter of public importance for these two reasons. First, many municipalities throughout Canada asked for an extension of their winter works until May 31, and this extension was denied to most of those municipalities. This means that throughout Canada, in every province, many municipalities cannot benefit from the extension of the winter works which was announced one month ago by the Minister of Labour (Mr. MacEachen). Moreover, the requests of only seven or eight municipalities throughout Canada were accepted and all others were turned down.

Second, the matter is of public importance because a great many of the requests made by those municipalities for an extension of the winter works period have been accepted by the provincial governments and turned down by the federal government. Now, this is a joint program carried out for the general public by the federal government in co-operation with the provinces. While the provincial governments accepted numerous requests, the federal government did not pay any attention to that and turned down those requests. In proof of this, Mr. Speaker, there is project 90 of the municipality of Bégin, in the constituency of Lapointe, projects 744, 745 and 746 of the city of Arvida, in the constituency of Lapointe, the project of the municipality of St. Eugène, in the constituency of Roberval and many others for which the request has been refused.

Mr. Speaker, the matter is not only of public importance but is also urgent.

Today is May 5 and this extension will expire on May 31, which means that those municipalities will not be able to carry on and complete their winter work projects unless this period is so extended. This being May 5, it is urgent that the federal government's ill-advised administration concerning extension of the winter works period be discussed today, otherwise municipalities will not be able to complete their winter work projects for lack of time.

The matter is urgent because many municipalities started their projects in November and progress was delayed because of the severe climate in some areas. This severe climate was the reason why the minister thought it advisable to extend the period of the winter works program. Only a few days remain to complete winter works projects and in some municipalities waterworks will not be operating for a whole year because the winter works period had not been extended for a few days.

It may be suggested that this is a day when this problem might be discussed during the debate on the budget. I would like to point out in this regard that the opportunity of discussing the problem will not be afforded us for the following reasons. First, according to the new order, or the new role, or the new list of speakers handed to us, our group will not be able to raise this problem because we have no more speakers listed thereon, and this is the last day of the debate on the budget; second, ministers, and particularly the Minister of Labour, do not feel any obligation to discuss the matter of extending the winter works program period during the debate on the budget; third, this is urgent, but on the other hand, since we would deprive certain members of the opportunity to criticize the budget we shall have to cut short the budget debate by one day.

That is why I maintain that this motion is entirely in order, because it is a matter of urgent public importance that should be dealt with today, otherwise it would be too late; moreover, this motion is not contrary to the provisions of paragraph 6, subparagraphs (a), (b), (c), (d), (e) and (f) of standing order 26.

For all those reasons, I submit that our motion is in order and that you should allow us to bring it before the house this very day.

[*Text*]

Mr. Speaker: What the Chair has to decide is whether there is a prima facie case of urgency as explained more or less in detail in citation 100(2) of Beauchesne. As we have said many times in this House, I believe, urgency within Standing Order 26 does not apply to the matter itself but means urgency of debate. The House is presently engaged in the budget debate, and there may or may not be an opportunity to go into this important matter. Nevertheless I understand that within a matter of two or three days there will be a supply debate. I think that was announced; if not, it will be within a very short time. It does seem to me that opportunity to debate this important matter will therefore be provided.

In the circumstances I do not see an urgency so pressing that the ordinary business of the House should be set aside and the debate scheduled for this afternoon adjourned, in accordance with Standing Order 26.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, on the point of order raised by the hon. member for Lapointe, I understand your explanation that in a few days we might have the opportunity—

[*Text*]

Mr. Speaker: Order, please. There should be no debate, as I am sure there will not be, on the ruling given by the Chair. The ruling was given under and by virtue of the Standing Orders as given to the Chair by hon. Members of this House, and no debate should take place at this time.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I should like to ask you whether we are now following the procedure agreed upon last year; if so, according to this new rule, you must ask whether there are members of the house who have something to say, as was the case for the hon. member for Villeneuve. If we still follow the old rule, then we are at the beginning of a new session and we will be free to appeal your ruling.

[*Text*]

Mr. Speaker: Order. In order to extend the fullest possible courtesy to the hon. Member the Chair has allowed him to speak twice, something which I think was not contemplated at the time the Standing Order was put into force and effect. I reiterate that the motion as submitted to me does not contain that sense of urgency that I find necessary in order to adjourn the House under Standing Order 26 so as to discuss this important matter. I do hope there will be no further discussion at this time.

MOTIONS FOR PAPERS

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): Mr. Speaker, motions 7, 14 and 16 are acceptable to the Government. Motions 18 and 19 are acceptable, subject to the usual reservations. I should like to suggest that motion 8 be transferred for debate.

Mr. Speaker: Shall motions 7, 14 and 16 carry, and are motions 18 and 19 acceptable subject to the reservations expressed by the Parliamentary Secretary?

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I think it will be clear from the record, particularly as indicated by or insisted upon by the Minister of Transport when he was on this side of the House, that the phrase "the usual reservations" is insufficient and that the reservations must be clearly stated.

• (3:00 p.m.)

Mr. Stewart: Mr. Speaker, the reservation in mind in this case concerns correspondence, if any, from other Governments.

Mr. Speaker: Are these motions agreed to subject to the reservation as expressed?

Mr. Martineau: Mr. Speaker, I would ask a question of the Parliamentary Secretary. Will the Government make a request to the Government of France in regard to these papers?

Mr. Stewart: Mr. Speaker, I think the Government of France is not involved in any of the motions now under discussion. I should like to suggest that motion No. 8 be transferred for debate.

Mr. Speaker: Transferred for debate.

Mr. Stewart: Would Your Honour please call motions 1, 3, 10, 17 and 20. I ask that the remaining motions be allowed to stand.

CORRESPONDENCE RESPECTING AUTOMOBILE AGREEMENT

Motion No. 1—**Mr. Hales:**

That an humble address be presented to His Excellency praying that he will cause to be laid before this house a copy of all letters and other documents since the 1st day of January, 1964, exchanged between the government of Canada and the government of the United States in connection with the agreement providing for duty free trade within the automobile industry.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, the agreement itself to which this motion refers has already been tabled some time ago. The letters and documents in question are working papers relating to successive drafts of the Canada-United States automotive agreement exchanged during the negotiation of this agreement. These are, therefore, privileged documents relating to the interim negotiating positions of the two parties, and it would neither be in the public interest nor in accordance with the normal practice to reveal such material. I would ask, therefore, if the hon. gentleman would withdraw his motion in accordance with the usual practice. I will have somewhat similar remarks to make about motion No. 17.

Mr. A. D. Hales (Wellington South): Mr. Speaker, I think Your Honour will realize the great importance of my request and will agree with me in this regard. Although it may be somewhat unusual I would ask you to call for the yeas and nays.

Mr. Drury: Mr. Speaker, I would ask that the motion be transferred for debate.

Mr. Speaker: Transferred for debate.

Some hon. Members: No.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, this transferring for debate is becoming a system that has all the elements of concealment. We never have the opportunity to get these documents. The House should have the opportunity of voting. This rule was never intended to be used by the Government to cover up its denial of in-

formation, and I take the strongest possible objection. We are talking about the reform of Parliament, yet on a matter so important—as the hon. Member for Wellington South has said, a matter that is being reviewed today in the United States Congress—this Parliament is to be denied information respecting something that is causing fear in the hearts of Canadians in every part of this country. We want to know what passed between these Governments so we will understand why Canadians who want to buy cars are discriminated against, and how Canadian manufacturers can sell cars manufactured in Canada in the United States and compete in that country.

Some hon. Members: Order.

Mr. Speaker: Order, please. In the circumstances may I call the attention of the House to Standing Order 47 which reads as follows:

> Notices of Motions for the Production of Papers shall be placed on the order paper under the heading "Notices of motions for the Production of Papers". All such notices, when called, shall be forthwith disposed of; but if on any such motion a debate be desired by the Member proposing it or by a Minister of the Crown, the motion will be transferred by the Clerk to the order of "Notices of Motion (papers)".

Mr. Diefenbaker: Mr. Speaker, I point out the fact that we are to be muzzled in securing information.

Some hon. Members: Oh, oh.

Mr. Diefenbaker: Oh, it is commonplace over there. That is what they have been doing, and they are doing it regularly under the subterfuge of this order. I want to know why Parliament should be denied this information. Why do they not vote on the matter? If they say we are not entitled to it let them vote us down, but why do they place us in a position where we never can debate this matter?

Mr. G. H. Aiken (Parry Sound-Muskoka): Mr. Speaker, may I draw your attention to the fact that when motions were called the Government indicated to Your Honour the motions with which it intended to proceed and the motions which it intended to transfer for debate. One motion was in fact transferred for debate on the request of the Parliamentary Secretary. He then asked that the rest be called. Having adopted that procedure, the Government presumably had disposed of all motions which were to be disposed of otherwise than by a vote or other disposition by the House.

So far as this motion is concerned, the hon. Member for Wellington South asked you to call for the yeas and nays. At that particular moment the question was before the House, and I think it is too late for the Government to change their mind now and say they want this motion transferred for debate. They had the opportunity and did not do so.

Mr. Thomas M. Bell (Saint John-Albert): Mr. Speaker, I wish to submit one additional point. How can we ever have a vote on such motions if the Government sees fit to have them all transferred for debate? We would not have the opportunity of a showdown vote on a motion. The only alternative would be to continue to appeal your ruling if you should rule in favour of the Government's argument in this regard.

Hon. G. J. McIlraith (President of the Privy Council): Mr. Speaker, I merely want to draw Your Honour's attention to standing order 47, which provides that only a Minister or the person proposing the motion may ask to have it transferred. The hon. Member for Parry Sound-Muskoka argued that the request should have been made by the Parliamentary Secretary.

An hon. Member: It was too late.

Mr. McIlraith: The request can only be made by a Minister of the Crown, and a Minister of the Crown did make such a request. Furthermore, once a motion is transferred for debate following such a request the time for debate is limited to two hours and forty minutes and the motion then has to be voted upon.

Mr. Diefenbaker: Hide and conceal.

Mr. Aiken: Mr. Speaker, if we accept the argument of the President of the Privy Council, then one motion was improperly transferred for debate. I think the Government has got itself into the position where the House has accepted the proposition of the Parliamentary Secretary and has accepted the procedure under which certain motions to which he referred, other than those which were acceptable and the one transferred for debate, were to be before the House for disposition.

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, if the statement made by the President of the Privy Council (Mr. McIlraith) to the effect that only a minister can ask that a motion be transferred for debate is justified how is it that the parliamentary secretary to the Secretary of State (Mr. Stewart) himself asked that motion for papers No. 8 in the

name of the hon. member for Shefford (Mr. Rondeau) be transferred for debate?

If only a minister can ask that a motion be transferred for debate, we request that motion No. 8 be called again by Your Honour, since an irregularity was committed a little earlier by the parliamentary secretary to the Secretary of State.

[*Text*]

Mr. G. W. Baldwin (Peace River): Mr. Speaker, very briefly may I say that the remarks made by the Minister of Industry confirm the position taken on this side, because in his statement he actually was making a reasoned argument why this motion should not be allowed. He was not in any way asking that the motion be transferred for debate. Since the Minister had the opportunity to do so and rejected it, and since he outlined in his statement his reasons for objecting to the production of the papers, a situation has been created in which the House should be entitled to indicate its view by voting on the motion.

• (3:10 p.m.)

Mr. Drury: Mr. Speaker, I think perhaps in the heat of the moment we may have developed some misconceptions here.

Some hon. Members: Oh, oh.

Mr. Drury: In the first place, in order to save the time of the House, and by agreement, the Parliamentary Secretary does indicate on behalf of Ministers, rather than have them speak individually, what is going to be done. It is under this heading that the Parliamentary Secretary did suggest that motion No. 8 be transferred for debate. This is all done under a waiver of the rule that only a Minister of the Crown can ask that this be done, and this procedure is followed. Where, however, there cannot be a general agreement or an anticipated general agreement in dealing with a particular motion, the motion is called and the Minister speaks to it.

This is what happened in this case. It had been my hope that the hon. Member in whose name motion No. 1 stands, having heard the significance of the motion, would agree to withdraw it. The right hon. Leader of the Opposition, I am afraid somewhat out of order, did make an appeal to the House and particularly to the Government. I find his position somewhat contradictory when the Government offers him a debate on this topic and he refuses a debate but demands that it be voted upon.

[Mr. Grégoire.]

Mr. Diefenbaker: We want the information.

An hon. Member: We do not want words; we want facts.

Mr. Drury: I hope this motion can be transferred.

Mr. Speaker: Order, please. I cannot hear the Minister.

Mr. Drury: In this particular case, Mr. Speaker, the hon. Member presenting the motion is not satisfied with the very limited explanation which has been given to him as to why this motion is not acceptable. I think the Government is not only doing the right thing but the generous thing in transferring this motion for debate.

Mr. Starr: Big, generous brothers.

Mr. Drury: We are providing the hon. Member with an opportunity to express his views at length and receive a detailed answer, and finally to have the matter subjected to a vote.

Mr. Speaker: I hope my words will be of some assistance in resolving this involved matter of procedure. It seems to me that the duty of the Chair is to apply the standing orders as they exist. Under Standing Order 47 we find this:

> —but if on any such motion a debate be desired by the Member proposing it or by a Minister of the Crown, the motion will be transferred by the Clerk to the order of "Notices of Motions (papers)".

In consequence of the standing order I believe it my duty to have this Motion transferred for debate.

Mr. Hales: I am afraid, Your Honour, that with great regret I must appeal your ruling.

Mr. Speaker: The House has heard the decision of the Chair from which the hon. Member for Wellington South has appealed to the House. All those in favour of sustaining the decision of the Chair will please say yea.

Some hon. Members: Yea.

Mr. Speaker: All those opposed will please say nay.

Some hon. Members: Nay.

Mr. Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Speaker: Call in the Members.

And the Members having been called in:

• (3:20 p.m.)

Mr. Speaker put the question as follows:

The question is an appeal to the House from a ruling of the Chair. When Notice of Motion for the Production of Papers No. 1 in the name of the Member for Wellington South was called the Minister of Industry outlined certain difficulties with respect to the production of the papers covered in the said motion and subsequently requested that the motion be transferred for debate.

Objection having been taken to the transferring of the motion, the Chair ruled that he was bound by the provisions of Standing Order No. 47 and accordingly the said motion stood transferred for debate. Whereupon the hon. Member for Wellington South appealed to the House from the decision of the Chair.

The house divided on the question: Shall the decision of the Speaker be sustained? And the ruling was sustained on the following division:

YEAS

Messrs:

Addison	Gelber
Armstrong	Godin
Asselin (Notre Dame de Grâce)	Gordon
Asselin (Richmond-Wolfe)	Granger
Badanai	Gray
Barnett	Greene
Basford	Groos
Batten	Guay
Béchard	Habel
Beer	Haidasz
Benidickson	Hays
Benson	Hellyer
Berger	Herridge
Blouin	Honey
Boulanger	Howard
Brown	Jewett, Miss
Byrne	Kelly
Cadieux (Terrebonne)	Klein
Cameron (High Park)	Knowles
Cameron (Nanaimo-Cowichan-The Islands)	Konantz, Mrs.
Cantin	Lachance
Cardin	Laing
Caron	Lamontagne
Carter	Lamoureux
Cashin	Laniel
Choquette	Laverdière
Chrétien	Leblanc
Côté (Longueuil)	Leduc
Cowan	Legault
Crossman	Lessard (Lake St. John)
Cyr	Lessard (St. Henry)
Davis	Lloyd
Deachman	Loiselle
Douglas	Macaluso
Drouin	Macdonald
Drury	MacEachen
Dubé	Mackasey
Ethier	MacNaught
Eudes	McIlraith
Favreau	McMillan
Fisher	McNulty
Forest	McWilliam
Foy	Marcoux
Francis	Mather
Gelber	Matheson
Godin	Matte
Gordon	Mitchell
Granger	Moreau
Gray	Morison
Greene	Mullally
Groos	Nicholson
Guay	Nixon
Habel	O'Keefe
Haidasz	Olson
Hays	Orlikow
Hellyer	Otto
Herridge	Patterson
Honey	Paul
Howard	Pearson
Jewett, Miss	Pennell
Kelly	Pepin
Klein	Pickersgill
Knowles	Pilon
Konantz, Mrs.	Prittie
Lachance	Prud'homme
Laing	Richard
Lamontagne	Rideout, Mrs.
Lamoureux	Rinfret
Laniel	Rochon
Laverdière	Rock
Leblanc	Rouleau
Leduc	Roxburgh
Legault	Ryan
Lessard (Lake St. John)	Saltsman
Lessard (St. Henry)	Stewart
Lloyd	Tardif
Loiselle	Teillet
Macaluso	Temple
Macdonald	Thompson
MacEachen	Tucker
Mackasey	Turner
MacNaught	Walker
McIlraith	Watson (Châteauguay-Huntingdon-Laprairie)
McMillan	Webster
McNulty	Whelan
McWilliam	Winch—130.
Marcoux	
Mather	
Matheson	
Matte	
Mitchell	

Division

NAYS

Messrs:

Aiken	MacInnis
Baldwin	MacLean (Queens)
Beaulé	Macquarrie
Bell	McBain
Bigg	McCutcheon
Boutin	McIntosh
Cadieu (Meadow Lake)	Madill
Cantelon	Mandziuk
Caouette	Millar
Cardiff	Monteith
Chatterton	Moore
Churchill	Muir (Cape Breton North and Victoria)
Clancy	Muir (Lisgar)
Coates	Nasserden
Crouse	Nesbitt
Danforth	Noble
Diefenbaker	Nowlan
Dinsdale	Nugent
Dionne	Ormiston
Doucett	Pascoe
Enns	Perron
Fane	Pigeon
Fleming (Okanagan-Revelstoke)	Plourde
Forbes	Pugh
Gauthier	Rapp
Grafftey	Ricard
Grégoire	Rondeau
Gundlock	Rynard
Hales	Simpson
Hamilton	Skoreyko
Harkness	Smallwood
Horner (Acadia)	Smith
Howe (Wellington-Huron)	Southam
Jones, Mrs.	Starr
Jorgenson	Stefanson
Kennedy	Thomas
Langlois	Wadds, Mrs.
Laprise	Watson (Assiniboia)
Latulippe	Webb
Loney	Winkler
MacEwan	Woolliams—82.

• (3:40 p.m.)

Mr. Speaker: The Speaker's decision is sustained.

Mr. Flemming (Victoria-Carleton): Mr. Speaker, I was paired with the Minister of

Fisheries (Mr. Robichaud). Had I voted, I would have voted against sustaining the ruling.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I was paired with the Postmaster General. Otherwise, I would have voted against your ruling.

Mr. Martineau: Mr. Speaker, I was paired with the Secretary of State for External Affairs. Had I voted, I would have voted against your ruling.

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, I should like to call your attention to notice of motion No. 8 for the production of papers.

I never came to any agreement with the minister concerned with respect to this motion for papers. This afternoon, before the vote, there was some talk about transferring this motion for debate. Now, I want it to remain as it is and I ask the Minister of Justice to produce the papers requested.

During the last session, I had put this same notice of motion on the order paper. It was delayed for several weeks. I put it again on the order paper at this session, but there seems to be further attempts to dodge the issue by having the matter transferred for debate in the house.

I do not wish any debate for the moment. What I want is to get the documents so that we might discuss the matter and find out the truth.

Mr. Speaker, I ask that this notice of motion for the production of papers be allowed to stand and that the papers be tabled in the house.

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, through my office, I had offered the hon. member for Shefford—and I repeat the offer in case it was not made sufficiently clear—to examine those documents privately, after which they would only be tabled if it was found necessary to make them public.

For my part, I do not think that the nature of those documents is such that it would be in the public interest to have them published. They consist of correspondence between a private individual and certain civil servants and deal with the relationship between those civil servants and their superior officers.

In the circumstances, I would ask the hon. member if he would not agree to let his motion stand and to examine the documents

[Mr. Flemming (Victoria-Carleton).]

privately, after which he could decide. Unless he agrees to that, I will have to ask that the motion be transferred to notices of motions (papers).

Mr. Rondeau: Mr. Speaker, as the minister has just said, I have already had the visit of one of his officials. We looked through the file together, but I asked afterwards that my motion be maintained and the papers produced.

Mr. Favreau: In that case, I ask that this motion be transferred for debate.

[*Text*]

Mr. Speaker: I declare the motion transferred for debate.

REPORT RESULTING IN RETIREMENT OF R.C.M.P. OFFICERS

Motion No. 3—**Mr. Coates:**

That an order of the house do issue for a copy of the report prepared by the commissioner of the R.C.M. Police which resulted in the forced retirement of chief superintendent Bélec and sub-inspector Poitras.

Mr. Speaker: Motion No. 3, in the name of the hon. Member for Cumberland (Mr. Coates) is now called. Is there any objection?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, in the case of motion No. 3, it calls for the production of a report prepared by the Commissioner of the Royal Canadian Mounted Police. I gather that it has always been the practice in this House not to order the production of R.C.M.P. reports, and for that reason I believe it would not be in order for me to agree to the motion as formulated.

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I ask that it be transferred for debate.

Mr. Speaker: Motion No. 3 is transferred for debate.

NORRIS COMMISSION WORKING PAPERS

Motion No. 10—**Mr. Orlikow:**

That an Order of the House do issue for copies of all the working papers prepared for the Norris Commission by the chartered accountants hired by the Commission and deposited by Justice Norris with the Department of Labour.

Mr. Speaker: Notice of motion No. 10, in the name of the hon. Member for Winnipeg North (Mr. Orlikow), is now called.

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, because the acceptance of this motion would involve disclosing the working

papers of the Commission, against the practice in the past, and because it would involve the disclosure of the internal operations of several trade unions, I would ask the hon. gentleman if he would withdraw his motion.

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I would like to be able to co-operate with the Minister, and I understand something of the requirements of secrecy; but in view of the fact that a daily newspaper, the Toronto *Star*, printed a page or more on which they were able to produce the actual records, with the co-operation of the Department of Labour; and since I do not believe —the Minister shakes his head, but the newspaper printed an editorial in which it substantiated that statement—that Members of Parliament are second class citizens as compared with Liberal newspapers, I would respectfully request that this motion be transferred for debate.

Mr. Speaker: Motion transferred for debate.

DOCUMENTS RESPECTING QUEBEC-FRANCE EDUCATIONAL AGREEMENT

Motion No. 17—**Mr. Martineau:**

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of all briefs, agreements, letters and other documents exchanged between the Government of Canada and the Govrnment of the Republic of France in connection with the agreement between France and the Province of Quebec providing for the exchange of teachers and other educational material.

Mr. Speaker: Notice of motion No. 17, in the name of the hon. Member for Pontiac-Témiscamingue (Mr. Martineau), is now called.

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, this motion is somewhat analogous to motion No. 1. The papers in question may be divided into, first, an exchange of notes between the Secretary of State for External Affairs and the Chargé d'Affaires of the French Embassy in Ottawa, dated February 27 this year, formalizing the agreement by which the Canadian Government gave its approval to the educational entente which by prearrangement was signed in Paris on that same day; and the correspondence between the Government of Canada and the Government of France in connection with the negotiations leading up to the conclusion of this agreement.

I think the hon. gentleman is well aware that in accordance with diplomatic usage, correspondence leading to the negotiation of an agreement is normally privileged and normally would not be produced. If, however, the hon. gentleman would be prepared to modify his motion to call for the production of the exchange of letters between the Chargé d'Affaires of the French Embassy and the Secretary of State for External Affairs, and the entente itself, and would omit the requirement for the privileged correspondence, I would be prepared, with leave, to table these documents now.

[*Translation*]

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I am ready to agree to the minister's suggestion so long as it is understood that the agreement itself and the exchange of notes can be produced.

[*Text*]

Mr. Speaker: Subject to the reservation as expressed by the Minister, is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Motion agreed to.

SERVICE RECORDS OF JOHN LAWSON HAMILTON

Motion No. 20—**Mr. Groos:**

That an Order of the House do issue for copies of all papers and service records of John Lawson Hamilton, PF 20059 P.P.C.L.I., since June 12, 1919.

Mr. Speaker: Notice of motion No. 20, in the name of the hon. Member for Victoria, B.C. (Mr. Groos) is now called.

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I have had a conversation with the hon. Member and explained to him the departmental policy vis-à-vis the confidential nature of the files of veterans. I believe he is ready to withdraw this motion.

Mr. Groos: Yes, Mr. Speaker.

Order discharged and motion withdrawn.

• (3:50 p.m.)

INQUIRY FOR RETURN

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I rise on a point of order.

I would like to point out that on March 10, 1965, there was an order of the house for the production of certain papers exchanged between the Quebec minister of agriculture and the federal Minister of Agriculture. Those papers have not yet been tabled. Could the minister tell us who objects to the tabling of those papers?

Inquiries of the Ministry

[*Text*]

Mr. Speaker: May I suggest to the hon. Member that he rephrase his question and put it on orders of the day.

EXTERNAL AFFAIRS

DOMINICAN REPUBLIC—REQUEST FOR STATEMENT OF CANADIAN POSITION

On the orders of the day:

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, I wonder whether the Prime Minister is now in a position to inform the House in regard to the situation in the Dominican Republic and, on the basis of the information that he has, whether he agrees with the words of President Johnson, who states that what the rebels have in mind is—and I quote—"the establishment of another Communist government in the western hemisphere". Will the Prime Minister say, on the basis of the examination that has been made and the information available, whether Canada has communicated with the United States in this regard, and would he advise whether, under the circumstances, the Government of Canada would not proceed with an early recognition of whatever government comes into office?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I have no additional information to enable me to make any comment of any great value on the observations of the President of the United States which have been referred to by my right hon. friend, and I would prefer not to comment on that statement at this time. There has been no request made by the Colonel, who I believe has been appointed President of the Dominican Republic, for recognition of that government.

Mr. Stuart A. Fleming (Okanagan-Revelstoke): A supplementary question, Mr. Speaker, which I would direct to the Prime Minister. Now that the United States is well established on the island, during their period of occupation do they intend to take an equivalent interest in the non-Communist government of Haiti?

Mr. Pearson: Mr. Speaker, I have no information on that. I have no reason to believe that United States intervention in the Dominican Republic has any relation whatever to any possible action in the neighbouring country.

Mr. W. B. Nesbitt (Oxford): Mr. Speaker, I should like to direct a question to the Prime Minister, or perhaps it might be better to direct it to whichever Minister is acting as Secretary of State for External Affairs. In view of the fact that the Security Council of the United Nations is presently meeting in New York to discuss the difficulties in the Dominican Republic, and in view of the action this morning of the government of France, as represented on the Council, France being an ally of Canada and the United States, what instructions have been given to the Canadian Ambassador to the United Nations in his diplomatic dealings in the corridors—these activities, as the Prime Minister knows, go on during these events—and what action is being taken by the Canadian delegation?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as my hon. friend knows, Canada is not a member of the Security Council, which is considering this matter at the present time. The instructions to the Ambassador for Canada at the United Nations are to follow these discussions very carefully and to report to the Government, and he is doing that.

Mr. Nesbitt: A supplementary question. Has the position of the Canadian Government with regard to the difficulties in the Dominican Republic been made known to our Ambassador in New York? If so, has he instructions to communicate the position of the Canadian Government to other delegations at the United Nations?

• (4:00 p.m.)

Mr. Pearson: Yes, Mr. Speaker. The Ambassador knows the position we have been taking on this matter which has been disclosed to the House of Commons, and which is to guide him in discussions with other delegations at the United Nations.

Mr. Eldon M. Woolliams (Bow River): A supplementary question, Mr. Speaker. What is the Canadian Government's position so far as the Dominican Republic is concerned?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, we hope that peace, security and stability will soon be returned to that country under a government of its own choosing.

Mr. Woolliams: Does the Canadian Government support the United States Government in their position in the Dominican Republic?

TANZANIA—SUPPLY OF ARMS TO AFRICAN STATES

On the orders of the day:

Mr. G. L. Chatterton (Esquimalt-Saanich): Mr. Speaker, in the absence of the Secretary

of State for External Affairs I should like to direct my question to the Prime Minister. Sir Roy Welensky in a recent speech in British Columbia was reported as saying that Tanzania is and likely will continue to be the main outlet for Communist arms and propaganda to the Congo and other African states. Can the Prime Minister assure the House that this is not the case, and that arms and materials supplied by Canada to Tanzania will not be used for these purposes?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am grateful to my hon. friend for giving me notice of this question, which I received at lunch time.

The statement to which the hon. Member refers was presumably one made a month or so ago when Sir Roy Welensky was in Vancouver and perhaps also Victoria. Since that time the military situation in the Congo has changed decidedly in favour of the central government, and the rebel movement has split. While perhaps neighbouring African countries had been helping the rebels by permitting the shipment of arms through their territories, this movement has now, we are informed, largely ceased. The central government now has control of nearly all the borders of the Congo through which arms were being shipped.

• (4:10 p.m.)

Mr. Chatterton: May I ask a supplementary question. The Prime Minister did not get the gist of my question, that is whether the Canadian Government is satisfied that Tanzania is not trans-shipping materials to other African countries for Communist purposes?

Mr. Pearson: I have no knowledge, Mr. Speaker, of any arms being shipped across the border from Tanzania into the Congo.

MRS. LUCIEN RIVARD—INQUIRY AS TO PASSPORT

On the orders of the day:

Mr. C. S. Smallwood (Battle River-Camrose): Can the Acting Secretary of State for External Affairs tell us if Mrs. Lucien Rivard has been granted a passport? He told me some time ago he would give me an answer today, and I was wondering if I could get that answer?

Hon. C. M. Drury (Acting Secretary of State for External Affairs): An application for a passport was made by Mrs. Rivard on April 6. Its issue is still under consideration.

Mr. Smallwood: What was the reason for the delay?

Mr. Drury: It is under consideration.

URANIUM

PROGRESS OF DISCUSSIONS RESPECTING SALE TO FRANCE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I ask the Prime Minister whether the press reports to the effect that negotiations are going on between Canada and France for long term contracts for the sale of about 50,000 tons of Canadian uranium are correct. Most hon. Members will be very pleased if Canada is to get a long term contract of this nature. However, I would ask the Prime Minister, in view of the fact that the press reports indicate that the negotiations are being carried on by Denison Mines Limited, whether he can tell the House if it is the Government's intention to pursue the policy of having all sales of uranium handled through a Government agency, which I believe in this case would be Atomic Energy of Canada Limited.

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, as hon. Members know, a Canadian mining company has been negotiating with the French atomic energy authorities for the sale of a large amount of uranium. The Canadian Government is not, of course, a party to commercial contract negotiations of this kind. However, the Government is necessarily involved in any sale of uranium to a foreign country, due to its responsibility for licensing the export of nuclear material and to certain international obligations that Canada has undertaken in regard to atomic energy and nuclear materials. Therefore we have been in touch with the French government in regard to these negotiations.

I think in this regard that ministerial discussions are desirable. We are discussing the possibility of initiating such discussions in the near future and arrangements are being made to that end. As I have previously indicated in the House, there are a number of complex issues still to be considered and it would not be appropriate to speculate on the prospects of an early conclusion to the negotiations which are under way. I can, however, say that we hope that it will be possible to find a mutually acceptable basis on which these negotiations can go forward to a successful conclusion. No matter what the outcome may be, the Government regards the maintenance of this vital Canadian industry at about its present level of production as of primary importance.

Inquiries of the Ministry

Mr. Douglas: A supplementary question. In view of the fact that France is not a signatory to the partial nuclear test ban agreement, can the Prime Minister give the House the assurance that before any contract is signed for the sale of uranium to France the proper precautions will be taken to see that there is inspection and control, so that this uranium cannot be used for other than peaceful purposes?

Mr. Pearson: Mr. Speaker, I have already told the House, and I am happy to repeat it, that certain international commitments with regard to the sale of uranium have been undertaken by the Canadian Government—both this Government and the previous Government—and we propose to observe those commitments.

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, may I ask a supplementary question?

Supposing that this sales contract concerning the sale of Canadian uranium be agreed upon between France and Canada, could the right hon. Prime Minister tell this house if it will assist in reopening the mines located in the district of Elliot Lake, in the riding of the Prime Minister?

[*Text*]

Mr. Pearson: I would have to await, Mr. Speaker, the conclusion of the contract with the company, and it would depend on the details of that contract; but it would be a major purpose of the negotiations which are under way to increase production of uranium.

Mr. R. A. Webb (Hastings-Frontenac): A supplementary question. In today's issue of the *Globe and Mail* it was stated that Elliot Lake, in the riding of the Prime Minister, would be saved by the uranium oxide sale. I should like to ask the Prime Minister whether he and the Government would take steps to ensure that the recently closed uranium mines in the Bancroft area will also share in the proposed $700 million sale to France, thereby also ensuring the saving of the town of Bancroft?

Mr. Pearson: Mr. Speaker, as I see it, it is not a question of saving Elliot Lake, because Elliot Lake is not lost. But I am quite aware of the situation in Bancroft and the difficulties the people there have been going through in this regard, and naturally this will be very much in our minds.

[Mr. Pearson.]

Mr. Webb: A supplementary question. I would remind the Prime Minister that due to the action of this Government, Bancroft is lost.

Mr. Speaker: Order, please.

[*Later:*]

Mr. H. W. Herridge (Kootenay West): A supplementary question to one asked previously, Mr. Speaker. I was interested to hear the Prime Minister deal with the details of the possible sale of uranium to France and making certain that it would be used for peaceful purposes, if I understood the implication. Can the Prime Minister assure the House that if the Canadian Government sells uranium to France this will not permit the French Government to use imports of uranium from other countries for nuclear purposes?

SOCIAL SECURITY

ONTARIO—REFUSAL OF SCHOOL TEACHERS TO OBTAIN NUMBERS

On the orders of the day:

Mr. R. N. Thompson (Red Deer): Mr. Speaker, I intended to direct my question to the Minister of Labour, but in his absence I will direct it to his Parliamentary Secretary. Is it true that Ontario teachers have not applied for social insurance numbers because the Ontario Teachers' Federation has decided against it? Is it also true that no Ontario school board has been charged under the same Department of Labour regulation compelling an employer to require his employees to obtain social security numbers, which is now being enforced in the case of the Crown *v.* Daniel E. Woodward, the publisher of *Canada Month* magazine?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Labour): Mr. Speaker, the Minister has been called away on an important engagement but I will be glad to bring this question to his attention.

INQUIRY FOR RETURN

On the orders of the day:

[*Translation*]

Mr. Gérard Laprise (Chapleau): Mr. Speaker, I had a question for the Minister of Agriculture; although he has just left the House, I am going to state it just the same so as to put it on record.

Could he tell us why he cannot table the papers which I asked him in a notice of

motion for the production of papers under date of March 10 last?

[*Text*]

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): Mr. Speaker, before the Minister left he asked me to advise the hon. Member that this matter was being checked closely and that he would have a report for the hon. Member within a day or two.

INDUSTRY

SASKATCHEWAN—DISCRIMINATORY MEASURES RESPECTING POTASH MINING

On the orders of the day:

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I have a question for the Minister of Mines and Technical Surveys. Can the Minister state if the Government is considering removing discriminatory measures affecting the potash industry in Saskatchewan which preclude it from availing itself of the provisions and concessions available to other types of mining development?

Hon. W. M. Benidickson (Minister of Mines and Technical Surveys): Mr. Speaker, this matter is under discussion and I can assure my hon. friend that I will reply to him in a day or two.

Mr. Martineau: A supplementary question, Mr. Speaker. Has the Minister received representations on this subject particularly from the Saskatchewan Government?

Mr. Benidickson: Yes, Mr. Speaker.

POWER

CHURCHILL FALLS—NEGOTIATIONS RESPECTING TRANSMISSION

On the orders of the day:

Hon. Marcel Lambert (Edmonton West): Mr. Speaker, I have a question for the Prime Minister. Can he advise the House what was the result of the discussions he held with Premier Smallwood and Premier Lesage on the subject of the transmission of electric power from Churchill Falls, and whether he feels his efforts as an honest broker have been satisfactory?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I would be very happy indeed to be an honest broker in this matter, but my own recent experience shows it is not an easy assignment.

Right Hon. J. G. Diefenbaker (Leader of the Opposition): Mr. Speaker, honest broker or otherwise, did the Prime Minister agree with the position of the Premier of Quebec in respect of the interprovincial transmission of power, or the transmission of power from one Province to a foreign country over the territory of another Province? What did the Prime Minister say in this regard? Does the Prime Minister not agree that interprovincial trade cannot be interfered with by a Provincial Government, or what view did the Prime Minister express during the brokering discussions?

Mr. Pearson: Mr. Speaker, there was no question of interference with interprovincial trade in any talks I had. The practice of the Provincial Governments and the Federal Government in this matter is governed by law and convention, as I am sure is well known to my right hon. friend.

Mr. Diefenbaker: Mr. Speaker, it does not appear to be known to the two Premiers, and I am wondering whether the Prime Minister will tell us what that long established convention is? Is the Lesage view correct, or is the Smallwood version correct?

Mr. Pearson: Mr. Speaker, I am not aware of any fundamental distinction between the two views.

Some hon. Members: Oh, oh.

Mr. Donald MacInnis (Cape Breton South): A supplementary question to the Prime Minister, Mr. Speaker. Is the Prime Minister aware of any false statements made by Premier Smallwood in respect of the Churchill Falls development?

Mr. Pearson: Certainly not, Mr. Speaker.

Mr. MacInnis: Mr. Speaker, my attention was diverted and I did not catch the transfer of the answer from the Minister of Transport to the Prime Minister. I tried to pick up the transfer but failed. Would the Minister of Transport tell us what the answer he gave to the Prime Minister was?

Hon. J. W. Pickersgill (Minister of Transport): The matter is not within my jurisdiction, Mr. Speaker.

Some hon. Members: Oh, oh.

Mr. Speaker: Order, please. The answer was "certainly not".

[*Later:*]

Mr. MacInnis: Since reports indicate that Premier Lesage referred to comments by Premier Smallwood in respect of the Churchill Falls development as false, can the Prime Minister indicate whether Premier Lesage and Premier Smallwood have cleared up these charges of false statements?

Mr. Pearson: No, Mr. Speaker, and I do not think I should be asked to comment on press reports concerning what one Provincial Premier is reported to have said about another.

Mr. Robert Muir (Cape Breton North and Victoria): May I ask the Prime Minister, rather than have any disturbance between the Premiers of these two provinces, if he would not indicate to Premier Smallwood that this line could probably go through the Atlantic Provinces?

HOUSE OF COMMONS

INQUIRY AS TO APPOINTMENT OF CLERK ASSISTANT

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to put a question to the right hon. Prime Minister.

Since the retirement of the clerk assistant of the House of Commons, Mr. Montgomery, this position has remained vacant. Could the Prime Minister tell us when he expects to make this appointment so as to enable the person who will fill it to acquire the necessary experience?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I understand that the appointment to this important post will be announced very shortly.

CANADIAN CONSTITUTION

CONSIDERATION OF REPATRIATION FORMULA BY QUEBEC

On the orders of the day:

[*Translation*]

Mr. Heward Grafftey (Brome-Missisquoi): Mr. Speaker, I should like to direct a question to the Minister of Justice concerning the conversation he had with the premier of the province of Quebec night before last.

Did Mr. Lesage inform him when the Quebec government will bring before the

Quebec legislature the Fulton-Favreau formula concerning the repatriation of our constitution?

Hon. Guy Favreau (Minister of Justice): Mr. Speaker, I do not think that any conversation between a minister of the crown and the premier of a province can be the subject of a question in this house, unless the minister thinks there are special reasons to answer it.

[*Text*]

Mr. Grafftey: Mr. Speaker, may I direct a supplementary question to the Prime Minister with relation to his conversations with Premier Lesage of the Province of Quebec the night before last? Did the Premier of the Province of Quebec inform the Prime Minister when the Government of Quebec intended to present the Fulton-Favreau formula before the Quebec legislature? If not, did the Prime Minister ask the Premier when they intended to present this resolution for the repatriation of the constitution?

Right Hon. L. B. Pearson (Prime Minister): This, of course, is a matter for the Government of the Province of Quebec to decide and they have not made us aware of their decision.

Mr. Grafftey: Did the Prime Minister ask the Premier when they were going to proceed with this matter, in view of the fact that nine other provinces have approved the formula?

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I should like to ask the Prime Minister if the Minister of Forestry (Mr. Sauvé) was present at the Prime Minister's little dinner at Sussex Street the other night?

Mr. Pearson: Mr. Speaker, the hon. Member should not be so curious about my dinner guests.

DOMINION-PROVINCIAL RELATIONS

STUDY OF EFFECT ON CANADA OF SEPARATION OF QUEBEC

On the orders of the day:

Mr. W. H. A. Thomas (Middlesex West): I have a question for the Prime Minister. Some weeks ago I asked if he could give us a progress report on the work of the Special Committee set up to inquire into the economic, social and political effects on the rest of Canada if the Province of Quebec becomes separated. Now that more than two months have passed since I asked the question, I

wonder if the Prime Minister is in a position to give us a report? Has he received a report from this Committee, and if so will it be made public?

Right Hon. L. B. Pearson (Prime Minister): I will be glad to give the hon. Member an interim report on the work of this Committee later this week. I am sorry I have been so long in getting it ready.

Mr. J. N. Ormiston (Melville): May I ask a supplementary question? Will the Prime Minister also give us the names and the number of officials engaged in this inquiry, and whether they are working part time or full time, as well as something of the terms of reference?

Mr. Pearson: This is a Committee of officials. If my hon. friend will put the question on the Order Paper I will try to get the information.

POST OFFICE DEPARTMENT

THE PAS, MAN.—MAIL PICK-UP CONTRACT

On the orders of the day:

Mr. Robert Simpson (Churchill): I should like to direct a question to the Prime Minister with reference to question No. 81 which was answered. I am informed that the post office mail box pick-up contract has been taken away from a widow with two children and handed over to the past president of the local Liberal Association. In a naïve manner the reply states there is no record of representations in this record. Can the Prime Minister say whether Canadians must now be prepared to accept these underhanded tactics as a matter of course under his Government?

Mr. Fisher: Typical Liberal Party tactics.

Right Hon. L. B. Pearson (Prime Minister): I am afraid I am not aware of what took place in connection with this matter.

AIRPORTS

ST. HUBERT, QUE.—SALE OF MILITARY AIRPORT

On the orders of the day:

[*Translation*]

Mr. Gilbert Rondeau (Shefford): Mr. Speaker, in the absence of the Minister of Transport I should like to direct a question to his parliamentary secretary.

Could he give us the reasons for the plan to sell the St. Hubert military airport in Quebec?

Inquiries of the Ministry

Mr. Jean-Charles Cantin (Parliamentary Secretary to Minister of Transport): Mr. Speaker, I shall bring that matter to the attention of the minister.

[*Text*]

LABOUR CONDITIONS

QUEBEC—EXTENSION OF WINTER WORKS PROGRAM

On the orders of the day:

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I should like to direct a question to the Minister of Labour, but in his absence I shall put it to the right hon. Prime Minister.

Could he tell us why the federal government turns down winter works extension projects in municipalities of the province of Quebec when such projects have been accepted by the provincial authorities under the joint winter works program?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): I will have to discuss this matter with the Minister of Labour and perhaps he will be in a position to reply tomorrow.

AGRICULTURE

OWEN SOUND, ONT.—CHANGE IN RATING OF FALL FAIR

On the orders of the day:

Mr. P. V. Noble (Grey North): I should like to address this question to the Minister of Agriculture, but in his absence perhaps the Parliamentary Secretary could take it. Will the Minister use his influence to have the Owen Sound fall fair, now a "B" status fair, raised to the "A" rating for which it fully qualifies?

Mr. Speaker: Order, it seems to me that this being a serious question, the reply should be given through the Order Paper.

Mr. Noble: But, Mr. Speaker, people would like to make plans to get grants for this fair, and they would like to know what their chances are.

Mr. B. S. Beer (Parliamentary Secretary to Minister of Agriculture): I wish to thank the hon. Member for giving me notice of his question. I have checked with the departmental officials and am advised that the total amount of eligible prize money paid out by the Owen Sound Agricultural Society in each of the last three years on the specified classes was not sufficient to qualify this exhibition

for class "A" listing. Under the regulations a fair must have paid out prize money on specified classes of not less than $6,000 in each of the three preceding years to become eligible for class "A" listing.

I am pleased to note that the prize money paid out by the Owen Sound Agricultural Society on the specified classes is increasing annually and I would hope that they will be soon in a position to qualify for class "A" listing.

Mr. Noble: I should like to advise the Parliamentary Secretary they paid out $7,000 last year.

ADMINISTRATION OF JUSTICE

TRIAL IN U.S. OF PRESIDENT OF CANADIAN COMPANY

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I have a question for the Prime Minister. Did the Prime Minister, the Minister of Justice or the Secretary of State for External Affairs make any representations to the United States government or to the court in Hartford, Connecticut, in connection with the trial and conviction of one John C. Doyle, Chairman of Canadian Javelin Limited?

Right Hon. L. B. Pearson (Prime Minister): Certainly, I have not. I will have to look into the others, but I have no knowledge of other representations.

Mr. Woolliams: May I put this supplementary question, too? In connection with reported intercession on Mr. Doyle's behalf made by Premier Smallwood of Newfoundland, did the Canadian Government in any way assist or participate in this intercession?

Mr. Pearson: I have just said I have not made any such intervention of any kind.

FINANCE

FEDERAL INVOLVEMENT IN BANKRUPTCY OF ADVERTISING COMPANY

On the orders of the day:

Mr. G. H. Aiken (Parry Sound-Muskoka): On Thursday last the Prime Minister undertook to give me an answer shortly in relation to the involvement of the Federal Government in the bankruptcy of the Walsh Advertising Company Limited of Toronto. I wonder if he can give that now?

Hon. Guy Favreau (Minister of Justice): The Prime Minister referred the question to me. I had a partial answer submitted to me but I wanted to check certain of the facts. I should like also to obtain additional facts from the Department of National Defence. If the hon. Member will have patience with me, I will be in a position to answer some time this week.

Mr. Aiken: Yes, I am prepared to be patient.

CANADIAN BROADCASTING CORPORATION

REQUEST FOR EXTENSION OF FRENCH SERVICE TO BRITISH COLUMBIA

[*Translation*]

Mr. Réal Caouette (Villeneuve): Mr. Speaker, I rise on a question of privilege.

This afternoon I received an answer to question No. 213 I had directed to the Secretary of State, with respect to broadcasting in British Columbia.

I asked the Secretary of State whether he had received a petition from some 10,000 French Canadians from British Columbia, in 1961, what had been done with the petition and what had become of it, why had no action been taken in that connection and, especially, why would French Canadians not have the same rights in British Columbia as English speaking Canadians have in Rouyn, Val d'Or, Montreal, Chicoutimi, Quebec and other towns.

In his reply the Secretary of State said that the estimated costs on a per capita basis, that is per French Canadian in British Columbia, were considerably higher than the costs estimated for several other areas also without service at the time, and the corporation stressed that the provision of French language stations in British Columbia could be considered only after the areas with a lower cost per capita had been served.

For the last three months the answer has always been that the Fowler commission appointed by the government is now considering the problem and when it submits its reports, etc.

Mr. Speaker, we always get the same answer to our questions. Is it more expensive per capita in British Columbia to give a French service to the French Canadians who are there than to give us Spanish, Italian or Russian in Canada, paid by the C.B.C. to go and get artists in the field of television and radio in those countries?

I see here my excellent friend from Vancouver East (Mr. Winch) who comes from British Columbia and I am convinced that he will agree with me that it would be fair to put the French Canadians of British

Columbia on the same footing as his English speaking compatriots in our own areas, and that it would not cost more to the government to give a service in British Columbia than what it costs to give it in the province of Quebec.

Mr. Speaker, we are fed up with those answers to the effect that it is the Fowler commission which will decide. Does the government have, yes or no, a definite policy to serve in those areas the groups which make up Canada?

That is what I would like to know from the Secretary of State.

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, it is certainly not the Fowler commission which will make a decision on this matter. It is the government which will make it; however, we have asked the Fowler commission to consider this problem and seek to set priorities in this field of government expenditures.

The government will not make an immediate decision, because it would not be wise not to wait for the recommendations of the Fowler commission.

• (4:20 p.m.)

[*Text*]

THE BUDGET

ANNUAL FINANCIAL STATEMENT OF THE MINISTER OF FINANCE

The House resumed from Tuesday, May 4, consideration of the motion of Hon. Walter L. Gordon (Minister of Finance) that Mr. Speaker do now leave the chair for the House to go into Committee of Ways and Means.

Mr. Russell C. Honey (Durham): Mr. Speaker, on taking part in this budget debate I would like, after making a few comments on the budget itself, to move on to deal at some length with the agricultural sector of Canada's economy to discuss for a few minutes how that sector fared in previous years, and relate its problems today, and offer some suggestions as to how we might be able to allow this very important sector of our society to share more equitably in Canada's present affluent economy.

In so far as the budget itself is concerned I am of the opinion that the Minister of Finance (Mr. Gordon) should be commended for his stewardship of Canada's financial and economic affairs since he took office two years ago, and I am happy to do so at this time.

In those two years Canada has moved from a position of high budgetary deficits, sluggish economy and high unemployment into an era where the budget was within $83 million of being in balance last year. Our economy is moving ahead at an unprecedented rate and, subject to persistent regional pockets of unemployment, our people are now fully employed and are enjoying the affluence of a booming economy in a way which makes Canada the envy of the rest of the world.

Of course there has been criticism on the budget, and that was to be expected. From some of our friends in the Opposition there has been the criticism that the tax cuts were not sufficient. From other of our friends in the Opposition there was the criticism that sufficient tax benefits were not passed on to business and industry.

Well, Mr. Speaker, I am one of those who believe that a government must act responsibly, and must govern its actions by the circumstances in which it takes action. I believe, for example, that it would have been irresponsible to make tax cuts which would have the effect of creating a large budgetary deficit. I believe, further, that the Canadian people are the ones who should benefit from an economy which permits dividends to be paid by way of tax cuts. These tax reductions will of course create increased consumer purchasing power, which will in turn stimulate demand. Industry and business are going to benefit directly from this increased demand, and I for one am among those who feel that any benefit coming their way should be passed to the Canadian taxpayer. It is good that business and industry will benefit coincidentally and the net effect on the Canadian economy will be beneficial.

I mentioned in my introductory remarks, Mr. Speaker, that I wanted to devote most of the time allotted to me to a discussion of the problems of a group of people who are not benefiting from the generally excellent condition of the Canadian economy. I refer to the farmers of Canada; and because my knowledge, such as it is, is greater in this field, and because I represent an Eastern riding, I want to refer specifically to the problems of the farmers of Eastern Canada.

The first report of the Economic Council of Canada pointed out that the main purpose of the report is to examine the problem of achieving simultaneously and consistently certain basic economic and social goals in the Canadian economy in the medium-term future, specifically over the next five years to 1970. These goals were enumerated as: full employment; a high rate of economic growth;

reasonable stability of prices; a viable balance of payments, and an equitable distribution of income.

From a study of the recent budget papers and the Minister's speech, I think we could reasonably conclude that the Canadian economy is performing admirably on the first four items of the Economic Council's goals and, further, that the medium range future for achievement of the goals set by the Council by 1970 seems remarkably good for those first four goals.

In respect to the last or fifth goal, namely an equitable distribution of income, I think we are very much in trouble, both at the present time and for the period to 1970, unless something more is achieved to bring the agricultural sector of the economy up to a par with other groups.

In our present affluent society the relative position of the farmer is a shocking one, and I could not describe it any better than to quote a paragraph from the staff study prepared for the Economic Council of Canada by Mr. John Dawson, entitled, "Changes in Agriculture to 1970", where he makes the following statement at page 22:

> By 1963 farmers' income were 54 per cent above the 1949 level, while income of wages and salary workers elsewhere in the economy had increased by 94 per cent. Measured in constant 1949 dollars, income in agriculture had increased by 13 per cent while incomes in non-agricultural occupations had increased by 46 per cent. If an allowance for a return on capital was deducted from farmers' incomes, the increase in current dollars was 21 per cent, and in constant dollars there was a decline of about 10 per cent.

It is only proper, of course, that an allowance for a return on capital should be taken into account when comparing farmers' incomes with those of other sectors of the economy. After all, that is only recognized and accepted business accounting practice followed everywhere in Canada. And after making that allowance we find that measured in constant 1949 dollars income in non-agriculture occupations rose by 46 per cent between 1949 and 1963, and the farmers' income actually declined by 10 per cent in the same period, a shocking discrepancy of 56 per cent in that 14 year period.

• (4:30 p.m.)

Well, Mr. Speaker, what are we going to do about it? Surely it is the challenge of the government and of each and every Member sitting in this House, to see that some immediate assistance is given to this unfortunate sector of our economy. I want to say now that the Minister of Agriculture (Mr. Hays) and the Minister of Forestry (Mr. Sauvé) who is responsible for ARDA and eastern feed grain policy have before them a task not given to any easy solution. The problems confronting agriculture in Canada today are such as call for bold and imaginative steps. The problems call for whole new concepts and philosophies in order to achieve a long range solution and, in addition, some interim short range immediate steps to prevent many Eastern farmers from losing their farms, and enable them to be immediately in a position to provide a proper education and a decent and acceptable standard of living for their families, which is the right of every Canadian family today.

Many Eastern farmers today are existing only on the depreciation allowance on their capital investment. They are going deeper and deeper into debt; they are plagued with worries about their inability to retire their debts.

I think the easier farm credit policy of this Government has been helpful and beneficial to many farmers, but I hasten to add that it has its limitations. It helps the farmer to increase his efficiency of operation and to develop an economical farm unit. Unfortunately, the easier credit policy can only be helpful if the long range credit program can be related to an assurance by the farmer that he will receive fair prices for his production which will in turn permit him to retire his debt in an orderly fashion.

I talked last week end to a farmer who is an excellent farmer on a viable, economic farm unit. Four years ago he obtained a Farm Credit Corporation loan to construct a new barn so he could handle a larger hog raising operation more efficiently. Last year he obtained a farm improvement loan to enable him to buy machinery with which to grow more grain to provide for his more efficient hog operation. Today this man is at a loss. He is producing more hogs in a more efficient manner; he is growing more grain more efficiently and economically. The fly in the ointment is that he cannot get enough return from the sale of his hogs to meet his payments under the Farm Credit Corporation loan and his farm improvement loan.

What is happening, Mr. Speaker, is that farmers in Eastern Canada are using credit as a substitute for earned income because of inadequate farm prices. This situation cannot continue indefinitely and we know it can only end in disaster for the farmer, if he does not obtain higher prices for his

produce with which to meet his mortgage payments.

It was recently pointed out by Mr. George R. McLaughlin of the Dairy Farmers of Canada that from Canada's national budget slightly more than 2 per cent is spent on agriculture, and this includes the expense of maintaining the Canada Department of Agriculture with all its research facilities, and annual support for agriculture in one way or another. The average spent on agriculture in the United States, the United Kingdom, West Germany, Denmark, France, Norway, Sweden and Finland is slightly over 8 per cent.

The Canadian people, as Mr. McLaughlin said, eat more cheaply than any other people in the world. In Canada 21 cents of every wage dollar is required to cover the food budget. In the United States 22 cents of every wage dollar is spent on food; in the United Kingdom 39 cents and in Russia 50 cents.

It is the duty of the farmers, of course, to polish their public image, and to satisfy the people of Canada—as I personally believe is the case—that they are not asking for more than that to which they are fairly entitled. I believe this is important because it is my opinion that the Canadian people as a whole would not consciously want the farmer to remain the poor relation of the Canadian family.

And why should the Canadian farmer be singled out as the poor relation of the Canadian family? Minimum labour standards, tariffs and tax incentives benefit workers and industry. These things are fair and reasonable and I do not quarrel with them. My point is that it is fair and reasonable also that farmers should have a comparable income that is fair and reasonable.

As I see it, the responsibilities of Government to agriculture in these circumstances can be divided into those of a long term nature and those of a short term nature. In so far as the long term responsibilities are concerned, I believe this Government has taken some effective steps which will be of material assistance to the farm economy in due course. I have in mind such policies as the increase in farm credit, the Farm Machinery Syndicates Act, the revised crop insurance program, the announcement of the establishment of a National Dairy Commission and the improvements in the marketing and handling of feed grains in Eastern Canada and British Columbia. The Agriculture and Colonization Committee, which I had the honour to Chair, carried out a very important inquiry into the matter of feed grain, and I would like to pay tribute to members of that committee from all parties who worked so conscientiously and with such good results.

The most important single long term policy, in my opinion, must be the establishment of national marketing boards or agencies. When I had the privilege of speaking in the Throne Speech debate last year I urged the Government to speedily implement the establishment of marketing boards or co-operatives on a national basis. I quite appreciate, as I pointed out at the time, that the implementation of this policy involves constitutional problems, but I think it is important we should move forward as quickly as we can in this area.

This Parliament can enact legislation permitting the establishment of marketing agencies dealing in international and interprovincial trade. The concurrence of the Provinces is of course necessary to permit such boards to handle marketing within the Province. The new National Dairy Commission announced by the Minister of Agriculture is a step in the right direction. I urge him and his colleagues in the Government to move as expeditiously as possible to the establishment of such national marketing agencies for other agriculture commodities.

It seems to me that it is absolutely essential for the farmer to have at his disposal a means whereby he can be master of those things he markets. To do this requires a degree of initiative and co-operation on the part of the farmer—a degree of initiative and co-operation which I know the farmer will assume.

National marketing agencies will give the producers some say in the prices they should receive for the things they market. These marketing agencies, to be effective, must be on a national scale, because it will not serve any useful purpose to have one provincial board offer produce at one price and have another provincial board offer the same produce at another price.

We have heard a great deal about the cost-price squeeze in agriculture. This is the reason why the farmers' net income has declined so dramatically. Today the farmer has no say about the price he will receive for the commodities he offers for sale. A price is offered to him and he can take that price or leave it. He has no real choice; he must take that price or let his produce rot.

Today the situation has progressed to the point where the packing houses, which tell the farmer at what price they will buy his produce, do not in many cases have control of the price at which they will sell the processed products. Today the large chain stores are telling the packing plants the price at which they will buy the processed products.

The consumer who buys a meat product at his retail store today pays substantially less than 50 cents on every $1 to the farmer who produced the meat. The balance, well over 50 cents on every dollar, goes to those who handle, process and sell the meat after it leaves the farmer's hands. Surely this situation cannot be allowed to continue and it seems to me that the answer, as I have already suggested, is orderly marketing through national agencies.

I do not say that such marketing boards should get into the processing business, although they might find it advisable to do so. On the other hand the marketing boards might call on the packing houses, canning factories and other processors to submit tenders setting out the price at which they would be prepared to process the produce of the board.

If national boards such as I am proposing met united buyers' resistance in the bargaining process during their first few years of life, the Government should be prepared to step in and back up the board with financial assistance. I restrict this suggestion to the first few years because I believe that in due course the boards should be self-financing and autonomous agencies.

My suggestion as to the necessity of Government assistance is to guard against any united attempt on the part of the processors or retailers groups to break the board in its infancy by refusing to bargain with it in a realistic and fair manner.

Today the farmer pays the price asked for his machinery, his labour, his repairs, his hydro, his gasoline, his dentist bills, his groceries and so on. And this is the way it should be—I make no complaint about that. But the farmer has no say in the price he will receive for his produce when he puts it on the market. This is the crux of the unfair position and the reason the farmer is being squeezed out of business, the reason why in many cases he is unable to educate and provide for his family as the urban family is provided for.

The farmer is increasingly efficient; he is increasingly productive, and the consumer is getting the benefit of these things. But month by month more farmers are being pushed to the brink of insolvency. Surely the consumer does not want to see the agriculture community change to the extent that all agriculture commodities are produced by large corporate farmers. In such circumstances, what chance would the consumer then have to buy food at reasonable cost?

[Mr. Honey.]

• (4:40 p.m.)

In concluding my remarks I want to emphasize the necessity for some action at once, this month, this week, tomorrow, as quickly as possible, to enable these farmers of whom I have been speaking to get through the interim period until the long range policies implemented by this Government—and I said they are good policies—have time to be effective to raise the farm income to a fair and reasonable level. The Minister of Agriculture (Mr. Hays) has already set out the objectives of a national agricultural policy, namely to raise the net farm income, after an allowance for investment on capital, to a point where it equals the earnings of Canadians working in urban areas.

I want to emphasize the absolute urgency of implementing the portion of the recent Throne Speech which states that Parliament will be asked to consider measures of special assistance to the family farm in both Eastern and Western Canada. These measures of special assistance must operate to immediately bolster up the farm income. In my opinion, they should best be achieved by supplementary payments to the producers, up to a certain maximum level of production on his produce as he markets it. This maximum level of production, or ceiling, would guard against overproduction and would permit the basic units of production which are now being produced to return a fair and reasonable price to the farmer. There is, of course, a precedent for supplementary payments such as I have suggested, and this precedent has been established in the recently announced dairy policy which will bring the level of manufacturing, or concentrated milk prices up to $3.50 per cwt. This new dairy policy is a good and responsible policy and I congratulate the Minister on it, but I urge that similar supplementary payments be made to the producers of other agricultural products to help them over the very difficult interim period with which the industry is faced.

As I mentioned earlier, these payments would have to be subject to some ceiling as are the payments under the new dairy policy, to guard against surpluses and to

give maximum benefit to the family farm and thus guard against an undue benefit to the large corporate producer. With such a two-pronged approach to the problems of the agricultural sector of our economy, it would have an opportunity to take its place with other sectors of the economy in good life which the great majority of Canadians are now enjoying.

Mr. Speaker: Order. It being 4.45 o'clock p.m., it is my duty, pursuant to section (6) of Standing Order 58, to interrupt these proceedings and forthwith put the question on the main motion.

The House divided on the main motion (Mr. Gordon) which was agreed to on the following division:

Division

YEAS

Messrs:

Addison
Armstrong
Asselin (Notre Dame de Grâce)
Asselin (Richmond-Wolfe)
Badanai
Barnett
Basford
Batten
Béchard
Beer
Benidickson
Benson
Berger
Blouin
Boulanger
Brewin
Brown
Byrne
Cadieux (Terrebonne)
Cameron (High Park)
Cameron (Nanaimo-Cowichan-The Islands)
Cantin
Cardin
Caron
Carter
Cashin
Chapdelaine
Choquette
Chrétien
Côté (Longueuil)
Cowan
Crossman
Cyr
Davis
Deachman
Douglas
Drouin
Drury
Dubé
Émard
Ethier
Eudes
Favreau
Fisher
Forest
Foy
Francis
Gelber
Godin
Gordon
Granger
Gray
Greene
Groos
Guay
Habel
Haidasz
Herridge
Honey
Howard
Jewett, Miss
Kelly
Klein
Knowles
Konantz, Mrs.
Lachance
Laing
Lamontagne
Lamoureux
Laniel
Laverdière
Leblanc
Leboe
Leduc
Legault
Lessard (Lake St. John)
Lessard (St. Henry)
Lloyd
Loiselle
Macaluso
Macdonald
Mackasey
MacNaught
McIlraith
McMillan
McNulty
McWilliam
Marcoux
Mather
Matheson
Matte
Mitchell
Moreau
Morison
Mullally
Nicholson
Nixon
O'Keefe
Olson
Orlikow
Otto
Patterson
Paul
Pearson
Pennell
Pepin
Pickersgill
Pilon
Prittie
Prud'homme
Richard
Rideout, Mrs.
Rinfret
Rochon
Rock
Rouleau
Roxburgh
Ryan
Saltsman
Stewart
Tardif
Teillet
Temple
Thompson
Tucker
Turner
Wahn
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Webster
Whelan
Winch—132.

NAYS

Messrs:

Aiken
Alkenbrack
Beaulé
Bell
Bigg
Boutin
Cadieu (Meadow Lake)
Cantelon
Caouette
Cardiff
Chatterton
Churchill
Clancy
Coates
Crouse
Danforth
Diefenbaker
Dinsdale
Dionne
Doucett
Enns
Fane
Fleming (Okanagan-Revelstoke)
Forbes
Grafftey
Grégoire
Gundlock
Hales
Hamilton
Harkness
Horner (Acadia)
Horner (The Battlefords)
Howe (Wellington-Huron)
Jones, Mrs.
Jorgenson
Kennedy
Korchinski
Lambert
Langlois
Laprise
Latulippe
Loney
MacEwan
MacInnis
MacLean (Queens)
Macquarrie
McBain
McCutcheon
McIntosh
Madill
Mandziuk
Millar
Monteith
Moore
More
Muir (Cape Breton North and Victoria)
Muir (Lisgar)
Nasserden
Nesbitt
Nielsen
Noble
Nowlan
Nugent
Ormiston
Pascoe
Perron
Pigeon
Plourde
Pugh
Rapp
Ricard
Rondeau
Rynard
Simpson
Skoreyko
Smallwood
Southam
Starr
Stefanson
Thomas
Vincent
Watson (Assiniboia)
Webb
Willoughby
Winkler
Woolliams—86.

• (5:10 p.m.)

[*Translation*]

Mr. Martineau: Mr. Speaker, I was paired with the Secretary of State for External Affairs. Had I voted, I would have voted against the motion.

[*Text*]

Mr. Flemming (Victoria-Carleton): I was paired with the Minister of Fisheries. Had I voted, I would have voted against the motion.

Mr. Smith: I did not vote; I was paired with the Minister of Forestry.

Mr. Fairweather: I was paired with the hon. Member for Charlotte.

[*Translation*]

Mr. Ouellet: Mr. Speaker, I was paired with the Postmaster General. Had I voted, I would have voted against the motion.

[*Text*]

Mr. Howard: Mr. Speaker, none of us in the New Democratic Party was paired because we believe this just helps keep the Government in office.

WAYS AND MEANS

The House in Committee of Ways and Means, Mr. Batten in the Chair.

The Deputy Chairman: It being after five o'clock, shall I rise, report progress and ask leave to sit again at the next sitting of the House?

Some hon. Members: Agreed.

Progress reported.

• (5:20 p.m.)

ADMINISTRATION OF JUSTICE

REQUEST FOR CONFERENCE ON PROVISION OF LEGAL AID

Mr. Andrew Brewin (Greenwood) moved:

That, in the opinion of this House, the Government should consider the advisability of the Minister of Justice calling a conference of himself and the Attorneys General of the various provinces for the purpose of giving consideration to a scheme to be jointly financed and operated by the Government of Canada and the governments of the various provinces for the provision of legal aid in all criminal cases in which imprisonment is a possible outcome.

He said: Mr. Speaker, I—

The Acting Speaker (Mr. Batten): Order. I apologize for interrupting the hon. Member for Greenwood (Mr. Brewin), but before proceeding further I should point out that motion No. 2 in the name of the hon. Member for Halton (Mr. Harley) has been called before, and under Standing Order 48 this motion will now go to the end of the list.

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, would the House give unanimous consent in order that notice of motion No. 2 may retain its rank on the order paper,

[Mr. Martineau.]

because obviously the hon. member is absent?

This procedure was agreed upon in the past, and I ask unanimous consent so notice of motion No. 2 may retain its rank.

[*Text*]

The Acting Speaker (Mr. Batten): Order. I understand that the hon. Member for Quebec-Montmorency (Mr. Marcoux) is asking unanimous consent of the House to let motion No. 2 stand in its place on the Order Paper. Does the House give unanimous consent?

Some hon. Members: Agreed.

[*Translation*]

Mr. Réal Caouette (Villeneuve): No, Mr. Speaker. We are in the habit of following parliamentary procedure, and in my opinion motion No. 2 must go to the bottom of the list of private member's motions, as has been done in the past and as is the present practice.

The federal government may be interested in this affair, but a few provinces have their own laws. Then let Mr. Harley's motion No. 2 go to the bottom of the list, and let us proceed with motion No. 3. We see no objection to proceeding with motion No. 3, but we object to motion No. 2 remaining at the top of the list of notices of motions.

[*Text*]

Mr. Lambert: Mr. Speaker, I would think that it would be very churlish for hon. members of the House to refuse the proposal put forward by the hon. Member for Quebec-Montmorency (Mr. Marcoux). Actually the proposer of motion No. 2 is out of the country on behalf of the Special Committee on Food and Drugs, and is on actual House business. I would remind the hon. Member for Villeneuve (Mr. Caouette)—

(*Translation*)

I would remind the hon. member that, when two of his former colleagues were absent from the house some time ago because they had to represent the Canadian parliament on an international commission, a motion in their name on the order paper was left, at the request of his colleagues, at the same place for weeks, until their return.

So, I think we should show the same courtesy in this case by supporting the request of the hon. member for Quebec-Montmorency (Mr. Marcoux).

Mr. Caouette: Mr. Speaker, the hon. member for Edmonton West (Mr. Lambert) may

very well say at this time that my two former colleagues may have thought along those lines, but today we are following parliamentary procedure and the order in which notices of motions should be presented to the house.

If an hon. member is not here to introduce his motion, then he should wait, because it should go to the bottom of the present list of motions. As far as the province of Quebec is concerned, we have something dealing with hospital insurance and diagnostic services to provide, in agreement with the federal government, for emergency ambulance services, but nevertheless—I hear the hon. member for Red Deer (Mr. Thompson) say "order, order", but I believe he will not be saying "order" very long and very often in the house—I am opposed to keeping motion No. 2 at the head of the list of notices of motions and I ask that it be placed at the end of the list.

Mr. Lambert: This may boomerang.

Mr. Maurice Rinfret (St. James): Mr. Speaker, it is customary in the house during the private members' hour, when private bills, public bills or resolutions are introduced by private members, to request, after consultation, that certain bills and notices of motions be allowed to stand. I would, therefore, ask the hon. member to abide by this custom in this case and, later on, ask the various house leaders to get together on a new procedure.

I would therefore ask the hon. member to let resolution No. 2 stand where it is now and that we proceed with motion No. 3.

Mr. Caouette: I do not agree at all with the hon. member for St. James on this. If the different house leaders come to an agreement tomorrow on the order to be followed for notices of motions, then we will stop discussing. But, at this time, I formally object to notice of motion No. 2 remaining at the head of the list.

[*Text*]

The Acting Speaker (Mr. Batten): Order, order.

[*Translation*]

Mr. Caouette: I object.

[*Text*]

The Acting Speaker (Mr. Batten): Order. There would appear to be little purpose in continuing this debate as there seems to be no possibility of having unanimous consent. Motion No. 2 will therefore be placed at the bottom of the list—will be dropped.

Mr. Brewin: Mr. Speaker, I had thought this discussion might proceed to such a length that I might be in the unique position of being able to move the motion and talk it out all in one speech, but that would not appear to be the case now. I regret that this private Members' hour, by circumstances beyond the control of the House, is now being reduced to approximately 30 minutes. My colleague, the hon. Member for Winnipeg North Centre (Mr. Knowles), said this hour has 40 minutes. I now observe this hour has only 30 minutes. However, I do not wish the brevity of the discussion to take away from the importance of the motion.

Its purpose is to try to provide effective means for granting criminal legal aid in all cases of persons charged with serious crimes. I should only say to hon. Members, in case they seem mildly disinterested in the subject, that no citizen, not even a Member of this House, can be quite sure he may not become interested in the provisions of this motion, and by "interested" I mean personally interested in its provisions.

The motion before the House represents my attempt to sound a blast on Gideon's Trumpet, a blast which I hope will disturb the tranquility which usually descends upon the House at five o'clock. The reference to "Gideon's Trumpet" is because that is the name of a very absorbing book in which a first rate journalist, Anthony Lewis, describes how a very elderly, nondescript prisoner convicted in Florida of breaking and entering—his name was Gideon Wainright—successfully evoked the jurisdiction of the Supreme Court of the United States and obtained from that court a historic declaration of principle.

• (5:30 p.m.)

This principle was that no person accused of a serious offence involving the possible loss of life or liberty could be convicted without an opportunity being offered to him, if necessary by the state itself, to have the assistance of legal counsel in his defence. In that case the Supreme Court of the United States established formally the principle for the whole of the United States that no conviction obtained either in a Federal or in a State court, without the accused being provided with counsel, could be sustained unless the right to counsel had been clearly and unequivocally waived by the accused. The Supreme Court on that occasion made the following statement which I commend to the House:

> Reason and reflection require us to recognize that in our adversary system of criminal justice, any person haled into court who is too poor to hire a lawyer, cannot be assured a fair trial unless

counsel is provided for him. This seems to us to be an obvious truth. Governments, both state and federal quite properly spend vast sums of money to establish machinery to try defendants accused of crime. Lawyers to prosecute are everywhere deemed essential to protect the public's interest in an orderly society. Similarly there are few defendants charged with crime, few indeed, who fail to hire the best lawyers they can get to prepare and present their defences. That governments hire lawyers to prosecute and defendants, who have the money, hire lawyers to defend, are the strongest indications of the widespread belief that lawyers in criminal courts are necessities, not luxuries. The right of one charged with crime to counsel may not be deemed fundamental and essential to fair trials, in some countries, but it is in ours. From the very beginning, our state and national constitutions and laws have laid great emphasis on procedural and substantive safeguards designed to assure fair trials before impartial tribunals in which every defendant stands equal before the law. This noble ideal cannot be realized if the poor man charged with crime has to face his accusers without a lawyer to assist him.

Then we go on to quote these words of Mr. Justice Sutherland:

The right to be heard would be in many cases of little avail if it did not comprehend the right to be heard by counsel. Even the intelligent and educated layman has small and sometimes no skill in the science of law. If charged with crime, he is incapable, generally, of determining for himself whether the indictment is good or bad. He is unfamiliar with the rules of evidence. Left without the aid of counsel he may be put on trial without a proper charge, and convicted upon incompetent evidence or evidence irrelevant to the issue or otherwise inadmissible. He lacks both the skill and knowledge adequately to prepare his defence even though he may have a perfect one. He requires the guiding hand of counsel at every step in the proceedings against him. Without it, though he be not guilty, he faces the danger of conviction because he does not know how to establish his innocence.

It is not good enough simply to provide counsel, as is done under many legal aid schemes in this country, only where there is a plea of guilty. In many instances persons are induced to plead guilty, receiving sentences of varying severity, when they should not have pleaded guilty at all. I could quote both United States and English precedents in this regard but I will limit myself to one reference only. This is what the Public Defender of San Francisco had to say:

Experience has shown that many uninformed and inexperienced persons, without financial means to employ counsel, plead guilty to crimes in order to save time and trouble or to win suspension of sentence. They do not realize that a plea of guilty may ultimately affect their rights and privileges as citizens of the community, even depriving them of employment in certain job categories. This is particulary true of young people appearing for the first time before the courts.

[Mr. Brewin.]

The situation is well put in *Gideon's Trumpet* where it is stated:

The most innocent man, pressed by the awful solemnities of public accusation and trial, may be incapable of supporting his own cause. He may be utterly unfit to cross-examine the witnesses against him, to point out the contradictions or defects of their testimony, and to counteract it by properly introducing it and applying his own.

This was written by a lawyer in 1825. Incidentally, it is written by a Philadelphia lawyer—I understand this places him in a special category of lawyers. He wrote that in 1825, and it is still true today. In the words of Mr. Lewis:

The sense of loneliness, the confusion of guilt and outrage, the feeling that one is caught up in machinery he does not understand—all these emotions well up in a person who finds himself arrested for even a moderately serious traffic offense.

An accused person today is confronted by increased pressures on every side. Society has responded to those pressures with a proliferation of criminal statutes which fill volumes of law books. Every modern penal code is full of tremendous complexities.

What is the situation in Canada? We have provided by the Criminal Code that everybody in this country is entitled to make a full defence either by himself or by counsel. We have provided in the Bill of Rights certain basic rights which in my view involve the right to have the assistance of counsel. For example, the Bill of Rights provides that no one shall be deprived of life or liberty or the enjoyment of property except by due process of law. It further provides that every law must be interpreted so as not to authorize the abrogation or infringement of any of these rights or deprive the person of the right to retain or instruct counsel or deprive a person of the right to a fair hearing in accordance with the principles of justice in the determination of his rights.

The situation in Canada is that although we have these great pronouncements of principle we lack the machinery necessary to make them operative. It is all very well to say a man has the right to defend himself. It is all very well to say he may hire counsel. But if he does not possess the financial means, and if counsel are not available, he is left with a right which is inoperable and ineffective. The situation varies from province to province. An excellent brief was submitted by the British Columbia Civil Liberties Association about a year ago. I think it was submitted to the Department of Justice. They said:

Only a small minority of those accused actually receive legal aid. For example, in the year 1960,

there were 181 "Miscellaneous and Criminal" cases granted legal aid in Vancouver. By comparison, there were 5,441 persons charged with indictable offenses in the Province in that year.

Only a small proportion of those accused were represented by counsel. I believe this is typical of the situation. The reason I became interested in this matter is that a constituent of mine, charged with arson, pleaded guilty after giving himself up. No medical examination was made of this man and no counsel appeared on his behalf. There was no presentence report. He was given a sentence, as I recall it, of 16 years in the penitentiary for this offence. As a result I became interested in this subject.

I appreciate we do not have time to examine this question in detail. I anticipate it may be said by the representatives of the administration, and of the Department of Justice as well as by others in this House, that this matter of legal aid is, under our constitutional system, a responsibility of the Provinces. However, it seems to me that here, as in so many other instances, there is an overlapping responsibility. If the Bill of Rights solemnly declares that all Canadians are entitled to certain rights, there is surely some responsibility resting on Parliament to ensure that these rights are available across Canada. While it is true that under the British North America Act the administration of justice is entrusted to the Provincial Legislatures, criminal procedure is, under section 91, a responsibility of this Parliament, and it is very difficult to distinguish criminal procedure from the administration of justice. I concede that schemes of legal aid dealing with those involved in the criminal law should be integrated with schemes of legal aid that cover civil cases as well; and it is quite obvious that any legislation dealing with this matter should be administered by Provincial authorities. Indeed, in the Province of Ontario a committee has recently reported on this subject, and I believe the Government has promised to bring in legislation providing for legal aid, not only in criminal cases but also covering certain civil cases.

• (5:40 p.m.)

It is therefore desirable that any scheme of legal aid that is evolved in connection with criminal proceedings should be integrated into Provincial schemes and should be fitted to the situation that exists in each one of the Provinces where the Bar is organized Provincially and where different circumstances prevail. But it is my submission, Mr. Speaker, and I urge this upon the House, that this is a case where there is responsibility resting on both jurisdictions, and it is for this reason that I have recommended in this resolution that the Government should consider the advisability of a conference among the Minister of Justice (Mr. Favreau) and the Attorneys General of the Provinces in order that they may work out a scheme, jointly financed and jointly operated by the Government of Canada and the Governments of the various Provinces, so as to ensure that legal aid be in fact provided in all criminal cases in which imprisonment is a possible outcome, and where the accused person is not able to look after his own particular needs.

This may seem to some people rather less important than the provision of medical services universally, and I would be the first to agree that medical services are far more of a necessity. But I do want to suggest that those who are caught up in the toils of the criminal law ought to have the provision of adequate legal services, which is no longer a luxury but has become a very real necessity in our society. This view has been clearly propounded by the highest courts of the United States; it has been recognized by the law in England and many other jurisdictions, and I see no reason in the world why this Government and this Parliament should not give a lead by organizing effective legal aid throughout Canada and offering to assist financially legal aid schemes to be put into effect in all the Provinces across Canada. This is a matter, as I say, of primarily Provincial jurisdiction; but it is a joint responsibility. The Bill of Rights of this House will remain in some respects meaningless, and the provisions that we have put into the Criminal Code to provide a full and fair opportunity to defend oneself against an accusation of crime will be inadequate until something of this sort is done.

Private Members' hour is sometimes very unproductive, but I hope the introduction of this subject will ensure that the Government of Canada, and particularly the Department of Justice and the Minister of Justice will look very seriously into the necessity for giving a lead in this matter. Too seldom we have an effective lead given in important social reforms of this sort. Some people have said this is a measure that would aid lawyers. I do not think it is intended to aid lawyers at all, and I do not think the lawyers I know

need any aid at the present time. This is, however, a Bill to make the necessary services available to people who are in trouble, and there are many, many of them in every constituency in Canada. Although this is a short and truncated period, I hope we have started something that will eventually result in some positive action to help in a field in which we all have a primary and very real responsibility to give leadership.

Mr. Robert Temple (Hastings South): Mr. Speaker, in commencing my remarks I wish to highly commend the hon. Member for Greenwood (Mr. Brewin) for introducing this measure. Certainly the rights of the individual is something that affects us all and it is something of which we must always be aware and should see that at all times wherever possible—and we must make it possible—every accused person has the right to legal counsel. I also wish to commend the Government for having announced, as they did in the Throne Speech, the setting up of a Special Committee on Correction, and the Minister of Justice (Mr. Favreau) for having announced the make-up of that Committee this week. The Vice Chairman is the renowned Toronto criminal lawyer, Mr. G. Arthur Martin. This Committee will be dealing, I hope, with matters such as this raised today by the hon. Member for Greenwood.

I believe, Mr. Speaker, that the provision of a lawyer, or legal aid—whatever you want to call it—is essential right from the time an accused person is arrested. Quite often an accused person does not have a lawyer and does not know how to go about making an application for bail. Very often this results in too high a bail being set, and all the factors that should be taken into consideration on the accused's behalf are not taken into consideration. I believe it was Jefferson who said there should be "equal and exact justice to all men, of whatever state or persuasion." But I am sure there cannot be any equal justice where the kind of trial a man gets depends on the amount of money he has. All too often accused people are denied bail, or bail is set at too high a level and they are kept in prison awaiting trial, whereas the man with means is able to get bail set and be at liberty pending his trial.

Surely this is not something with which any of us can agree, namely this type of situation where the wealthy man can get his liberty and in many cases the poor man cannot. Bail is set to ensure the attendance of accused persons at their trial, and legal assistance before trial to advise the accused with regard to his rights and how to present his application for bail is very vital to that accused person. All too often—although it happens very seldom in the area of Ontario from which I come—the accused person is unable to raise the $200, $300 or $400 bail and has to remain incarcerated awaiting his trial for some two or three weeks, whereas with regard to some types of offence perhaps 50 per cent, 60 per cent or 75 per cent of the people have no problem whatever in raising the money necessary for bail.

With regard to the provision of legal aid and bail, Mr. Speaker, I should like to refer to the Manhattan Bail Project, conducted by the Vera Foundation in the state courts of New York in conjunction with the New York University Law School and the Institute of Judicial Administration. The procedures there employed are essentially simple. This report says:

• (5:50 p.m.)

Adult prisoners brought to the Magistrates' Felony Court are interviewed by a group of law students from the evening division of New York University. Information is obtained on a variety of factors relevant to the prisoner's eligibility for pre-trial release, including his place of residence, employment, relatives living in New York City, criminal record, and period of residence in the city. With the prisoner's consent, his statements are verified principally by phone but occasionally by sending a student into the field for further investigation. Cases are identified in which the information collected suggests that the accused may safely be released without requiring—

—bail. It is interesting to note that of the first 200 cases of pre-trial liberty, as they call it down there, which means in fact released on your own recognizance by signing a bond and then putting up cash bail, only two accused failed to appear at trial.

Another matter which touches on the same question and which goes to the length of time that an accused has to spend in jail—on a capital crime, of course, bail is not allowed—is this. From the lawyer's point of view it is difficult to conduct an effective pre-trial examination and make a complete investigation while the accused is in prison awaiting trial. As I say, in capital cases there is no alternative. However, I would suggest that this committee on corrections could look into the cases of county towns that have only two assizes per year that can deal with capital cases, which means that if an accused is arrested, say one or two weeks after the end of the last assize, he will have to wait five or six months for his trial. There must surely

be some way to speed up his trial, and I hope the Committee on Corrections will also take this aspect into account.

Another matter regarding legal aid as proposed by my hon. friend from Greenwood is the fact that poor people who do not have the economic resources to provide their own bail have no alternative but to remain in prison. As I said earlier, it is very difficult to conduct a complete investigation into all the circumstances leading to arrest, which investigation is necessary to enable the lawyer to do his job at the trial. Therefore I believe that more accused should be released on their own recognizances. I believe that a committee should be set up to look into the circumstances of an accused's background, such as where he lives, where he is employed and whether he has any previous criminal record. This is done in the instance of juveniles, but in the case of an adult person awaiting trial no probation officer is available to do this work.

I believe that legal aid should be available to everybody. This is not to say that as of right any government must pay lawyers to conduct legal aid defences. That is not the point. The point, as I see it, is that everyone should have equal justice no matter what are the circumstances. Because if we do not have that, then this society will not exist for very long. Our society must be one in which the law is for both rich and poor; there should not be one law for the rich and one for the poor.

Mr. R. Gordon L. Fairweather (Royal): Mr. Speaker, I am afraid that the time on the clock will mean that even if I gurgitate I will nevertheless talk this motion out, which makes me very sorry because it is a most important one. However, owing to the mechanics of the House today this motion will not get the consideration it deserves.

I want to commend the hon. Member for Greenwood (Mr. Brewin) for his motion, at the same time regretting the absence of the Minister of Justice (Mr. Favreau), who I should have thought might be present to hear these few comments. I have no quarrel with the hon. Member for Greenwood about the method he has advocated, of reaching a solution to this problem, but I am wondering why the National Association for the Administration of Justice is not functioning in this regard. Perhaps it is because we are afraid to use the word "national" now. I really do not care what title we give it, but this was an Association under the aegis of the Minister of Justice and the Attorneys General of the Provinces, including representatives of the Canadian Bar Association and the Provincial Bars. Such matters as, for example, the ridiculous lapse of time before bringing people to trial, which was mentioned by the last speaker, I know were being considered some years ago when I was a member of this committee.

My interest in Gideon's Trumpet—the rather colourful expression used to bring this deficiency to the attention of the public of North America—was aroused by the case of an 11 year old child held in jail, I am sorry to say not only in my Province but in my own constituency, without a charge being laid. This child was there for some five days until the padre who was visiting the jail telephoned me. Parliament happened to be in recess at the time so I was able to go to the jail quite shortly, to be told, I am sorry to say by a member of the R.C.M.P., not to interfere because they were about to break the child. This language will, of course, never be forgotten by me; it will always be a matter of regret. However, I was able to persuade the constable that if he did not release the child to me and have the matter brought before the magistrate it would not be the child who would be broken; and I do not mean by that in any physical sense, of course.

There is, Mr. Speaker, a great need for a public defender. The County of Los Angeles has had such officers for the last 35 years and this procedure could be well copied by Canada. I hope that the Parliamentary Secretary to the Minister of Justice (Mr. Macdonald) will see that this very important motion receives the impetus it deserves.

Mr. Knowles: Mr. Speaker, on a question of privilege, in view of the importance of this question and the fact that it has had only 30 minutes debate, I wonder whether the House would be willing to give unanimous consent that it retain its present position on the Order Paper?

The Acting Speaker (Mr. Batten): Is it the unanimous opinion of the House that Notice of Motion No. 3 retain its present position on the Order Paper?

Some hon. Members: Agreed.

The Acting Speaker (Mr. Batten): It is agreed.

Mr. Fairweather: Mr. Speaker, I do not know whether this is in order, but considering the generosity of the House I should

very much like to make some more extended remarks. However, I do not want to butt in on anybody else's time.

Mr. Knowles: Then adjourn the debate.

Mr. Fairweather: Then, Mr. Speaker, I adjourn the debate.

At six o'clock the House adjourned, without question put, pursuant to Standing Order.

HOUSE OF COMMONS

Thursday, May 6, 1965

The House met at 2.30 p.m.

• (2:40 p.m.)

BANK OF CANADA ACT

AMENDMENTS RESPECTING DIRECTION OF MONETARY POLICY, CASH RESERVES, ETC.

Mr. Walter L. Gordon (Minister of Finance) moved for leave to introduce Bill No. C-101, to amend the Bank of Canada Act.

Some hon. Members: Explain.

Mr. Gordon: The purpose of this bill is to amend the Bank of Canada Act in a number of respects at a time when our chartered banking legislation is being revised and when we have had the benefit of a thorough review of the working of the financial system by the Royal Commission on Banking and Finance.

The most important change is a provision to clarify the relation between the Government and the Bank by authorizing the Government under circumstances specified in the Bill to give the Bank a directive concerning monetary policy. A second important change is to give the Bank statutory power to impose and vary a minimum secondary reserve requirement in place of its present power to vary the minimum cash reserve requirement. A number of technical changes are proposed as well as certain revisions to eliminate obsolete provisions of the act.

Motion agreed to and bill read the first time.

ENERGY

JOINT CANADIAN-U.S. STUDY OF CONTINENTAL RESOURCES

On the orders of the day:

Hon. Alvin Hamilton (Qu'Appelle): I should like to direct a question to the Prime Minister. It arises from a report in today's *Globe and Mail* of an interview given in Washington yesterday by the Minister of Trade and Commerce. In the course of this interview the Minister indicated—and I quote from the report—

—that the launching of a joint Canadian-U.S. study of continental energy resources, first proposed a few years ago, was being deferred at Canada's request because of a lack of personnel to provide all the information required to lay the foundation for such a study.

I should like to preface my question by reminding the Prime Minister that under his name there appeared an article in the January issue of the Foreign Affairs Quarterly—

Some hon. Members: Order.

Mr. Hamilton: In this article a completely different policy was laid down. In effect, in the course of that article the Prime Minister called on Canada and the United States to step up their efforts to promote development of their industries on a rational continental basis wherever practical.

The obvious question is, what is going on? Will the Prime Minister give us some explanation for this schizophrenia?

Right Hon. L. B. Pearson (Prime Minister): Yes, but not until I have consulted the Minister of Trade and Commerce as to the accuracy of the report quoted by the hon. gentleman. I expect he will be back this evening.

URANIUM

PARLIAMENTARY CONSIDERATION OF PROPOSED SALE TO FRANCE

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): May I ask the Prime Minister a question with regard to the proposed sale of 50,000 tons of uranium to France, to which the Prime Minister referred yesterday on the orders of the day. In view of the somewhat disastrous result of the uranium agreement we had with the United States, will there be any opportunity to discuss this agreement, when it is reached, in the House of Commons before it becomes final? Also I should like to ask whether it is the intention of the Government to sign a 25 year agreement at a fixed price, or whether the price will be fixed for a given period only and be open-ended or subject to negotiation for the balance of the period.

Right Hon. L. B. Pearson (Prime Minister): As I said yesterday, the commercial details of these negotiations are being worked out

by the Canadian corporation and the French authorities. The Government is concerned about matters of policy, including safeguards to make sure that the uranium we sell is sold without violating any international agreements we have made. That is the responsibility of the Government. As to the details of the commercial arrangements, I cannot give the hon. gentleman an assurance that they will be discussed in the House before the agreement is signed. They are subject to negotiation, and that negotiation is going on at the present time both commercially and politically.

Mr. Douglas: In view of the fact that if this agreement should be signed along the lines indicated Canada would be committing one quarter of its known uranium reserves, will the Atomic Energy Commission be consulted as to whether this is the best use which could be made of these reserves bearing in mind our future energy needs?

Mr. Pearson: Yes, Mr. Speaker, indeed it will be consulted, and has been consulted at every stage of the negotiations.

Mr. Douglas: A further supplementary question, Mr. Speaker. Are the press reports true, to the effect that Canada may delegate to the European Atomic Energy Commission the responsibility for policing this agreement to make sure that Canadian uranium sold to France is not used for other than peaceful purposes?

Mr. Pearson: Mr. Speaker, I am not in a position to confirm the details in regard to the safeguards which may be required. This is a matter under discussion. The report that my hon. friend has referred to is a speculative one at the present time.

Hon. Alvin Hamilton (Qu'Appelle): I have a supplementary question on the same line, Mr. Speaker. The subject matter raised by the hon. Member for Burnaby-Coquitlam is exactly the same point that I am concerned about. I wonder whether the Prime Minister could give us some assurance that he will take this matter up with the Minister of Northern Affairs and National Resources and the Minister of Trade and Commerce in order to get together and prepare for the House some form of considered statement about the disposal of these resources of oil, gas, minerals such as uranium, electricity and water, so that we are not forever being faced with these resources being taken away from us one at a time.

[Mr. Pearson.]

Mr. Pearson: Mr. Speaker, I certainly do not describe arrangements of the kind we contemplate as taking away our resources. We are marketing our resources with due regard to the interests of Canada. I think the subject is of very great importance, and I hope there will be an opportunity to debate it shortly in the terms mentioned by my hon. friend. There will be a supply motion on Monday; perhaps that would be a good occasion.

SOCIAL INSURANCE

PROSECUTIONS RESPECTING FAILURE TO OBTAIN NUMBERS

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I intended to direct a question to the Minister of Labour, but since he is not present I will address it to his parliamentary secretary.

Yesterday afternoon the hon. member for Red Deer (Mr. Thompson) asked a question concerning the registration of employees under a social insurance number. He was to receive an answer today. Since no answer was given I would like to ask the following question. Is it true that the only two charges laid by the minister were against Daniel E. Woodward and Canada Week Ltd.?

In the affirmative, why did the department not lay any other charge in this matter?

[*Text*]

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I will ask the Department to look into this matter in order to answer the question that has been put by the hon. Member.

FINANCE

PROVINCIAL OWNERSHIP OF SHARES IN CHARTERED BANKS

On the orders of the day:

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to ask the Prime Minister a question.

Can he tell us if at the next federal-provincial conference the present government intends to revise its position with regard to granting the provinces the right to hold shares in chartered banks? If so, does the Prime Minister intend to advise accordingly the provincial governments beforehand?

[*Text*]

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, if my hon. friend will wait for a few minutes, the resolution on this matter will be before the House and the Government's position will be made clear.

NATIONAL DEFENCE

ARGUS AIRCRAFT—INQUIRY AS TO RETURN TO SERVICE

On the orders of the day:

Hon. D. S. Harkness (Calgary North): Mr. Speaker, I should like to direct a question to the Minister of National Defence. Can the Minister inform the House the result of the inspection of the Argus aircraft, which was ordered a week or so ago consequent upon the discovery of a structural defect, as a result of which they were taken out of service? Could the Minister tell us what is the situation with regard to these aircraft now, and particularly when it is expected they will be put back into service?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I do not have the detailed answer to this question, as I did not have notice of it. The structural defect was found in a number of airplanes. They have been grounded and a new section is to be manufactured to replace the faulty one. There are some aircraft which are not faulty; these will be returned to service immediately. As soon as the ones that had faulty sections have been reworked and the new sections installed, then the same new, manufactured part will be applied to the other aircraft where no fault was found on the original inspection.

Mr. Harkness: A supplementary question, Mr. Speaker. How many of the Argus aircraft, then, will be in service in the immediate future?

Mr. Hellyer: A very limited number, Mr. Speaker. I cannot remember the number offhand. I think perhaps I could get it very quickly and send it to my hon. friend. I cannot recall the number, but it will not be too long before the new parts will be available for the balance and we will be able to put them back into service.

• (2:50 p.m.)

Mr. Harkness: A further supplementary question. By what means is the surveillance which is ordinarily carried on by these aircraft now being performed?

Mr. Hellyer: Mr. Speaker, there are some aircraft which are not subject to this fault. The Neptunes are not, and those Argus which are still in operation are carrying on the normal surveillance tasks.

Mr. Gerald A. Regan (Halifax): A supplementary question. I wonder whether the Minister could indicate whether any decision has yet been made as to the company or plant at which the alterations to the aircraft will be made?

Mr. Hellyer: I cannot, Mr. Speaker.

PRINTING BUREAU

PRODUCTION IN TORONTO OF FRENCH COMMITTEE PROCEEDINGS

On the orders of the day:

[*Translation*]

Mr. Alexis Caron (Hull): Mr. Speaker, I should like to direct a question to the Minister of Industry and Minister of Defence Production.

Is the minister aware that the Printing Bureau sent French reports to Toronto to have them set in galleys and that they came back with so many mistakes that they had to be returned for corrections, which explains why the French versions of the committee reports are still unpublished?

Hon. C. M. Drury (Minister of Industry): No, Mr. Speaker, but I shall inquire.

Mr. Caron: A supplementary question, Mr. Speaker. Is the minister aware that French speaking employees of the Printing Bureau are able to prepare those reports as long as they are given overtime as is the case for the reports in English?

[*Text*]

SHIPPING

PAYMENT OF PILOTS AT PORT WELLER AND SARNIA, ONT.

On the orders of the day:

Mr. Heber Smith (Simcoe North): Mr. Speaker, I have a question for the Minister of Transport. Can he tell me whether the ship pilots in pilotage district No. 2, which includes Port Weller and Sarnia, have been paid since they started work one month ago, on April 8?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, I am afraid I really cannot without making inquiries.

Inquiries of the Ministry

Mr. Smith: Mr. Speaker, while the Minister is making inquiries would he find out the reason for the delay in their pay, and whether they were consulted concerning possible new pay arrangements?

Mr. Pickersgill: If there has been a delay, Mr. Speaker, I will certainly inquire as to the reason.

EXTERNAL AFFAIRS

FEDERAL KNOWLEDGE OF NEGOTIATIONS BETWEEN QUEBEC AND FRANCE

On the orders of the day:

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I have a question for the Acting Minister of External Affairs. In view of the exchange of notes between the Government of Canada and the Government of France which were tabled in this House yesterday, the note from the Government of France to the Government of Canada indicating that on February 27, 1965 the Government of France which were tabled in this House entente had been signed between Quebec and the Government of France; and that on the same day a letter was forwarded by the Secretary of State for External Affairs acknowledging the letter received from the chargé d'affaires of France, stating that he was being informed of those meetings and giving thanks for being so informed, does the Minister still maintain that the Government was kept informed of the negotiations in regard to this entente and that it also knew of its existence before it was signed in February 1965?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, perhaps I should answer that question by saying that I should like to study it carefully and will give a reply tomorrow.

DOMINICAN REPUBLIC—INVOLVEMENT OF COMMUNISTS IN UPRISING

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I wish to ask a question of the Minister of Industry who, I understand, is Acting Secretary of State for Exernal Affairs, which is a novel experience. In view of reports that an employee of the Department of External Affairs did communicate with the press in Washington and New York with respect to the number of communists who were supposed to be behind the people's government in the Dominican Republic, has the Minister had any opportunity to assess the evidence which has come to his Department to date, and is he in a position to make a report to the House on this aspect of the question?

Hon. C. M. Drury (Acting Secretary of State for External Affairs): Not yet, Mr. Speaker.

DOMINICAN REPUBLIC—DECISION OF O.A.S. TO SEND FORCE

On the orders of the day:

Hon. George C. Nowlan (Digby-Annapolis-Kings): Mr. Speaker, I would like to direct a question to the right hon. Prime Minister in the absence of the Secretary of State for External Affairs. If the latter hon. gentleman were here I would like to ask him if he was as firm in his opinion now as he has been in the past, that we cannot join the O.A.S. Since he is not here, has the Prime Minister any information to give us with respect to the conference of the O.A.S. powers yesterday, and is the newspaper story correct that although the force to be sent to the Dominican Republic will be nominally under the control of the O.A.S. it will actually be a force of marines and U.S. troops?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I understand the O.A.S. meeting in Washington has approved of a force to go to the Dominican Republic under O.A.S. auspices, to help maintain peace. This force has been conceived, we understand, for the maintenance of order in a troubled situation in a Latin American country and would consist of contingents from Latin American countries, along with the United States. The operation will take place under the authority of the Organization of American States of which Canada, of course, is not a member.

Mr. Nowlan: And I don't think it will be a member for quite a while.

FISHERIES

FOREIGN SHIPS OPERATING IN CANADIAN WATERS

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Minister of Fisheries based upon a newspaper report concerning some angry Newfoundlanders. I should like to ask the Minister whether he has received representations from Newfoundland fishermen regarding European boats fishing inside Canada's territorial waters—and I refer to the three mile limit—and sometimes destroying the gear of Canadian fishermen. If he has received such representations, will he

tell us what steps have been taken to protect Canadians from such damage and encroachment?

Hon. H. J. Robichaud (Minister of Fisheries): Mr. Speaker, in reply I wish to indicate that complaints have been received from Newfoundland fishermen to the effect that certain damage has been caused by foreign trawlers operating in Canada's territorial waters. A full investigation was carried out, and I am now in a position to confirm the fact that such damage did occur, but not inside the three mile limit.

Hon. J. A. MacLean (Queens): Mr. Speaker, I should like to ask the Minister of Fisheries a somewhat similar and related question. Is the Minister in a position to give a report regarding the progress which has been made toward the establishment of geographical co-ordinates from which Canadian territorial waters will be measured?

Mr. Robichaud: Mr. Speaker, I replied to a similar question last week. I wish to assure the hon. Member that every possible action is being taken to proceed with the establishment of co-ordinates. However, I should add that the status of negotiations with certain countries makes it advisable to further delay such action as was contemplated in this regard.

• (3:00 p.m.)

[*Later:*]

Mr. T. S. Barnett (Comox-Alberni): Mr. Speaker, in addressing a question to the Minister of Fisheries perhaps I might be permitted to welcome him back to the House from Washington, and to congratulate him upon the speech he made there, that is in so far as I have seen it reported. I should like him to permit me to do a little fishing by asking what I intended to be a two-pronged question, one aspect of which related to the straight line co-ordinates about which the hon. Member for Queens asked a question.

While the Minister was in Washington did he find any opportunity of requesting our United States friends to have their nationals withdraw from Canada's fishing waters?

Mr. Robichaud: I want to assure the hon. Member, Mr. Speaker, that I did not take such action while in Washington, although I had very good conversations with people interested in these problems. I am sure the conversations will have good results.

Mr. Barnett: May I ask the Minister why not?

Inquiries of the Ministry

REQUEST FOR FURTHER POSTPONEMENT OF LOBSTER SEASON OPENING

On the orders of the day:

Mr. John Mullally (Kings): I wish to direct a question to the Minister of Fisheries. Has the Minister received representations for a further delay in the opening of the lobster fishing season in district 7B and, if so, what decision has he taken?

Hon. H. J. Robichaud (Minister of Fisheries): I did receive representations this morning from the hon. Member, and later in the morning I received a telegram from the President of the Prince Edward Island Fisheries Federation requesting a further delay in the opening of the lobster fishing season. In my reply I stated that as part of the area designated as district 7B was now clear of ice and fishing was possible as from tomorrow morning, it was too late to consider such a request. Furthermore, the latest ice reports which I received a few minutes ago suggested the possibility of the ice moving out very quickly providing the wind is favourable. Therefore I had to turn down this request for a further postponement.

ROADS TO RESOURCES

INQUIRY AS TO CONTINUATION OF FEDERAL SUPPORT

On the orders of the day:

Mr. Reg Cantelon (Kindersley): Mr. Speaker, I should like to ask a question of the Minister of Finance which is related to the roads to resources program. Both Premier Thatcher and Hon. Alex Cameron, Minister of Mineral Resources in the Saskatchewan Government, have stated recently that federal support for this project will be withdrawn in view of the fact that no provision was made for it in the budget. I should like to know whether it is the Government's intention to discontinue this aid, which these gentlemen say is essential to continued mineral development in the north.

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, at this moment the intention is to follow the policy laid down by the previous Government.

Mr. S. J. Korchinski (Mackenzie): Mr. Speaker, I have a supplementary question which I should like to direct to the Minister of Northern Affairs. In view of the fact that the agreements with Prince Edward Island

and Alberta have now expired, is it the Minister's intention to renew these agreements or entirely cancel the aid program?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I should like first of all to say that I believe the original agreements were somewhat defective in that there was an allocation of Federal funds in the same amount to each of the Provinces of Canada. I think it will be agreed by Members on all sides of the House that an allocation of the same sums to the Province of Prince Edward Island and to the Province of Ontario for a certain purpose could hardly bear any relation to the job that can be done.

An hon. Member: Answer the question.

Mr. Laing: That is one attitude I am prepared to take.

Mr. Woolliams: Let us have more facts and less dramatics.

Mr. Laing: For the reason I have outlined I think the program was incomplete. It is going to be very difficult today for us to extend the arrangements in respect of any one of the Provinces because the agreements conclude in different years. For instance, some of them end in 1968.

I want to say that the whole matter is under review. We desire to be guided by the Provinces, and we have circulated them asking for their opinions as to the efficacy of the program. In every instance it has been indicated that this was a very good program and one which should be extended. The ability to extend the program or to devise some program of assistance in this field is now under review.

Mr. Korchinski: I have a further supplementary question. Have any Provinces made representations to the effect that the Federal Government should step out of this program because it infringes on provincial rights?

Mr. Laing: No, Mr. Speaker, we have received no such representations.

[*Later:*]

Mr. Donald MacInnis (Cape Breton South): I have a question for the Minister of Finance following the questions asked by the hon. Member for Kindersley and the hon. Member for Mackenzie. Will the Minister of Finance make a comparison between the answer he has given to hon. Members and the answer given by the Minister of Northern Affairs,

and try to reconcile the difference between the opinions expressed?

Mr. Gordon: I will be glad to do so.

CANADIAN PACIFIC RAILWAY

FURTHER CURTAILMENT OF SERVICE BETWEEN MONTREAL AND VANCOUVER

On the orders of the day:

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to address a question to the Minister of Transport, asking whether he is aware that during the last few days the Canadian Pacific Railway has informed some of its trainmen that there will be a further curtailment of service in respect of trains 7 and 8 between Montreal and Vancouver. If the Minister is aware of this fact, will he ask the Board of Transport Commissioners to look into the matter to find out whether this further curtailment of service will be in the public interest?

Hon. J. W. Pickersgill (Minister of Transport): I am not aware of it, or at least I was not until the hon. gentleman spoke, but I will certainly take the matter under consideration at once.

CANADIAN CONSTITUTION

CONSIDERATION OF REPATRIATION FORMULA BY QUEBEC

On the orders of the day:

Mr. Heward Grafftey (Brome-Missisquoi): I should like to ask a question of the Prime Minister as the Minister reporting to the House on federal-provincial affairs. Has the Prime Minister or any other Federal Minister been informed by Premier Lesage or any other Minister of the Government of Quebec that the Quebec Government now has no intention of putting the Fulton-Favreau formula on repatriation of the constitution before the Quebec legislature?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, no such information has been given to us by any representative of the Quebec Government.

Mr. Grafftey: Has the Federal Government been informed by the Quebec Government now that they do not intend to place the Fulton-Favreau formula before the Quebec legislature until an election has been held in the Province of Quebec?

Mr. Pearson: No, I have had no information of that kind either.

EXPO '67

CONTRACTS WITH UNIONS RESPECTING BUILDING CONSTRUCTION

On the orders of the day:

Mr. Jean-Luc Pepin (Parliamentary Secretary to Minister of Trade and Commerce): On Tuesday last, Mr. Speaker, the hon. Member for Pictou questioned me concerning the existing agreements between Expo '67 and certain trade unions. Certain construction associations recently requested reassurance that Expo's labour agreement would apply on the site only, and that the corporation would not negotiate wages and working conditions with construction trades.

In order to make these two points abundantly clear the management of Expo, with the consent of the unions, have amended the existing agreements to establish clearly three basic points:

1. The unions undertake that there will be no strikes which will in any way affect the success of the exhibition.

2. The corporation undertakes that the exhibition shall be unionized.

3. For all the many problems arising out of many differences of opinion, points of view and conditions, the agreement sets up machinery for reaching equitable solutions.

CANADIAN COASTGUARD

REQUEST FOR REPORT ON IMPROVEMENT IN SERVICE

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): I should like to direct a question to the Minister of Transport. In view of the urgent need for larger and properly equipped coastguard ships on the east coast, will the Minister soon be in a position to give a report to the House on any improvements in this service that may be contemplated by his department?

Hon. J. W. Pickersgill (Minister of Transport): Yes, sir.

Mr. Crouse: May I ask a supplementary question. In giving this report will the Minister tell us whether the towing of disabled fishermen to port will become standard Government practice, and also whether, in expanding the coastguard to provide more ships, he will provide at least one more ship for the south shore of Nova Scotia?

Mr. Pickersgill: I thank the hon. gentleman for making my statement for me.

Inquiries of the Ministry

Mr. H. Russell MacEwan (Pictou): I should like to ask the Minister of National Defence whether it is the intention of his Department to transfer some of the minesweepers at Halifax to the Department of Transport for use in the coastguard. Is it the intention of the department to pay off these minesweepers, as was done a short time ago with the four frigates, or to leave them in mothballs?

Hon. Paul Hellyer (Minister of National Defence): A number of possibilities are under consideration but no final decision has been taken as yet.

CANADIAN BROADCASTING CORPORATION

TORONTO—LEGAL ACTION BY MEMBER FOR YORK-HUMBER

On the orders of the day:

[*Translation*]

Mr. Auguste Choquette (Lotbinière): Mr. Speaker, I should like to direct a question to the Secretary of State.

Could he tell the house what progress has been made in the proceedings instituted against the C.B.C. by the hon. member for York-Humber (Mr. Cowan) to prevent the operation of a French radio station in Toronto?

Mr. Lambert: Discuss that with your colleague.

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I have no information to give to the house on that matter at this moment, but I will gladly get that information and make it available to the hon. member.

Mr. Choquette: I should like to ask a supplementary question, Mr. Speaker.

Could the Secretary of State tell the house whether the proceedings instituted against the corporation are liable to change the objective set by this government to extend the French radio network across the country?

Mr. Lamontagne: No, Mr. Speaker.

[*Text*]

BROADCASTING

INQUIRY AS TO REPORT OF FOWLER COMMITTEE

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I have a supplementary question for the Secretary of State.

Could he tell the house when he expects to receive the Fowler report, since he stated

some time ago that he hoped to get it at the end of April?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, Mr. Fowler got in touch with me about ten days ago and told me the commissioners were having difficulties in the special studies they have undertaken and that there would be some delay in submitting the report, having regard to the dates already mentioned. Therefore, I do not think now that the report will be submitted before June.

[*Text*]

ADMINISTRATION OF JUSTICE

SEFKIND BANKRUPTCY—INQUIRY AS TO LAYING OF CHARGES

On the orders of the day:

Mr. Erik Nielsen (Yukon): In the absence of the Minister of Justice, who I hope will be back to the House shortly, and since his Parliamentary Secretary is wandering, may I direct a question to the Acting Minister of Justice. Will he remind the Minister or himself to bring to this house an answer to the question which I have asked so often in respect of laying charges in the Sefkind case?

Mr. Churchill: Let us get an answer.

Hon. J. Watson MacNaught (Solicitor General): I shall be pleased to bring this to the attention of the Minister. I am sure he will give a reply as soon as possible.

GOVERNMENT POLICY RESPECTING COMMUTATION OF DEATH SENTENCES

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): Mr. Speaker, I would like to direct this question to either the Solicitor General or the Prime Minister. Is it now the Government's policy to commute all sentences in reference to capital offences prior to the free vote which is supposed to take place in the House on the question of the abolition of capital punishment?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker. Each case is considered on its merits.

Mr. Woolliams: Has the case of Mr. Byrnes been considered, as he was convicted and sentenced to be hanged on Wednesday next? Has that case been considered by the Cabinet, and has a decision been made?

Mr. Pearson: Yes, Mr. Speaker, that case has been considered by the Cabinet.

[Mr. Marcoux.]

[*Later:*]

Mr. Woolliams: I have one question arising out of an answer I received from the Prime Minister. There was an interruption, and I may have misunderstood the Prime Minister with reference to the Byrnes case. At the present time Byrnes is waiting in the death cell. I understood the Prime Minister to say this case was being considered. Has it been considered, and what is the decision?

Mr. Pearson: The hon. Member must know, surely, that it is against all the rules to make a statement in the House on a matter of this kind before it has been conveyed to the penitentiary authorities.

EMPLOYMENT ASSISTANCE FOR PERSONS RELEASED ON PAROLE

On the orders of the day:

Mr. Robert C. Coates (Cumberland): Mr. Speaker, I have a question for the Secretary of State. Does the Government, through the Civil Service Commission, have any policy related to parolees from penal institutions, that could assist them in securing employment during their rehabilitation period?

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I will take this question as notice and answer later.

INDIAN AFFAIRS

ASSISTANCE TO TEACHERS DISPLACED THROUGH SCHOOL INTEGRATION

On the orders of the day:

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, on Thursday last, April 29, the hon. Member for Fraser Valley inquired about any plans the Department of Citizenship and Immigration might have for the placement of teachers presently employed by the Indian Affairs Branch who may be affected by the integration of Indian children into the public school system. I undertook to inquire into this matter.

It is the policy of the Department to offer a transfer to qualified teachers, who have given satisfactory service, when the position they occupy is abolished or the school in which they have taught has been closed as a result of integration. If a transfer is accepted the Department pays the removal expenses of the teacher. In some cases, when a provincial school board or area is assuming responsibility for the operation of a school formerly conducted by the Federal Government, the school board has engaged the ser-

vices of the teaching staff presently employed by the Indian Affairs Branch.

The policy of integrating Indian children into the provincial school system has not yet resulted in any inability to offer alternative employment to a qualified teacher with satisfactory service, unless such teacher is unwilling to transfer to another location and the Indian Affairs Branch has no other school in the same area.

PENSIONS

REQUEST FOR DISTRIBUTION OF INFORMATION ON CANADA PLAN

On the orders of the day:

Mr. D. M. Fisher (Port Arthur): I should like to address a question to the Parliamentary Secretary to the Minister of National Health and Welfare relating to the Canada Pension Plan. I should like to welcome him back to the House after his long absence. I wonder if the Parliamentary Secretary can tell us when there will be available for popular distribution some kind of publication from the department setting out the benefits and the particulars of the Canada Pension Plan in a way the ordinary person can understand.

• (3:10 p.m.)

Mr. J. C. Munro (Parliamentary Secretary to Minister of National Health and Welfare): Mr. Speaker, in the absence of the Minister I will ask her to look into this matter and have a report soon.

Mr. M. J. Moreau (York-Scarborough): Could the Parliamentary Secretary also look into the pamphlet being circulated in Toronto by the N.D.P., which distorts the plan very much?

Mr. Fisher: Make a charge.

Mr. Moreau: I think a departmental publication would be much more worthy.

LABOUR CONDITIONS

UNION PARTICIPATION IN DISCUSSIONS RESPECTING SHORTAGE OF MINERS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, in the absences of the Minister of Labour and the Minister of Mines and Technical Surveys I would like to direct a question to the Parliamentary Secretary of the Minister of Labour which possibly he may take as notice. A month ago today I asked the Minister of Labour whether the unions concerned in the mining industry had been invited to sit in on the meetings between the Canadian Metal Mining Association and the Government with respect to the bringing in of miners because of an alleged shortage of workers. The Minister said they had not, but if they were interested he would be glad to arrange it. I would like to ask whether the union has communicated to the Government its desire to be consulted. If it has, has it been invited to sit in; and if not, why not?

Mr. J. A. Byrne (Parliamentary Secretary to Minister of Labour): Mr. Speaker, I will be glad to bring this question to the Minister's attention when he returns this afternoon.

Mr. H. W. Herridge (Kootenay West): As a supplementary question, would the Parliamentary Secretary also mention to the Minister the fact that the Mine-Mill union would like to be represented at similar meetings?

Mr. Byrne: As an old Mine-Mill member I would be delighted to do so.

PUBLIC UTILITIES

APPOINTMENT OF PUBLIC REPRESENTATIVE AT RATE HEARINGS

On the orders of the day:

Mr. Andrew Brewin (Greenwood): Mr. Speaker, I have a question for the Minister of Transport. I have not given him notice but I do not think that will worry him at all. On Tuesday last, in answer to a question of mine as to the Government's attitude toward a resolution of the Township of Thorold, endorsed by the Council of the City of Toronto, which recommended the appointment of a public utilities ombudsman to represent the public at hearings on rates and policies of the Bell Telephone and other public utilities, the Minister replied that the Government would start by reading the resolution. Has the resolution been read, and what will be the next step in response to this very reasonable and constructive proposal?

Hon. J. W. Pickersgill (Minister of Transport): Mr. Speaker, the resolution has now been read, or at least what I believe to be the same resolution although the one I have is from the City of London; and having been read, it is now being digested.

POWER

CHURCHILL FALLS—CONSIDERATION AS WORKS FOR ADVANTAGE OF CANADA

On the orders of the day:

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a question which normally

would be directed to the Minister of Northern Affairs and National Resources, but from the nature of the question the Prime Minister might like to answer it. I would like to ask whether in his opinion the works for the production of hydroelectric power at Churchill Falls and the transmission of that power would be regarded as works for the general advantage of Canada, or works for the advantage of the Provinces of Newfoundland and Quebec, within the meaning of section 92 of the British North America Act.

Right Hon. L. B. Pearson (Prime Minister): I think I would like to answer that, Mr. Speaker, by saying it appears I am being asked for a legal opinion, and I would like to study the question very carefully.

Mr. Baldwin: As a supplementary question, if at some future federal-provincial conference this matter is being discussed with the Prime Minister of Quebec, would the Prime Minister call to his attention the speech he made in this House on February 10, 1955 when he quoted with approval section 92(10) as the section which should be invoked when works of this type are being considered for construction?

Mr. Pearson: I will be very glad to call that to the attention of the Prime Minister of Quebec, whom I hope to see Saturday night.

BRIDGES

JACQUES CARTIER BRIDGE—POSSIBLE RE-IMPOSITION OF TOLLS

On the orders of the day:

[*Translation*]

Mr. Gérard Perron (Beauce): Mr. Speaker, I should like to direct a question to the Minister of Transport.

When collection of tolls on the Jacques Cartier bridge was discontinued in 1962, Quebec apparently accepted the responsibility for maintenance of that bridge. However, various questions have been asked in the house in order to find out who was responsible for the maintenance of that bridge, and this started the rumour that the present Minister of Transport was considering reinstating toll collection on the bridge. Could the minister confirm or deny the report that the government proposes to re-establish tolls on the Jacques Cartier bridge?

[*Text*]

Hon. J. W. Pickersgill (Minister of Transport): I think, sir, that I had better consider very carefully the rather lengthy speech of the hon. gentleman before attempting to make a response.

HEALTH AND WELFARE

WINNIPEG—RESOLUTION RESPECTING NATIONAL HEALTH PLAN

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. My question relates to a reply he gave me on Monday, when I asked whether he had received the resolution of the Winnipeg City Council calling for the early establishment of a federal-provincial health plan. The Prime Minister will recall that his reply was:

> I will be replying to it in a very friendly way, Mr. Speaker.

In view of the fact that the Prime Minister's letter, a copy of which he was good enough to let me have and which is now public, merely says that he is drawing the matter to the attention of the Minister of National Health and Welfare, may I ask him could he not do better than that?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I really cannot imagine any way of doing better than that on a subject of this kind, if it were not for the fact that the Minister is not here at the moment. But I would not like that answer to be interpreted as meaning that we were not interested in this matter and not proceeding with it, and would not be discussing it with the provinces at the forthcoming conference.

Mr. Knowles: Is it the Government's intention to act on this matter during this Parliament, or is it to be left over until the next election?

Mr. Pearson: It depends of course, Mr. Speaker, on how long this Parliament lasts.

Mr. Fisher: Why don't you pull the pin?

Mr. Gérard Chapdelaine (Sherbrooke): Mr. Speaker, I would like to ask the Prime Minister how long this Parliament will last.

Mr. Pearson: Mr. Speaker, that is a very good question. I want to take notice of it. Perhaps my hon. friend will put it on the Order Paper, and I will give him a written reply.

EARTHQUAKES

BRITISH COLUMBIA—REQUEST FOR STATEMENT ON CIRCUMSTANCES

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, at the request of the persons who are concerned I would ask a question of the Minister of Northern Affairs and National Resources. In view of the fact that Dr. Cherry, a professor of civil engineering at the University of B.C., who is also chairman of the Canadian National Committee on Earthquake Engineering, has stated "that the coastal area and parts of Southern B.C. is a hazard zone" and that "we have been very fortunate in the past that we have not had anything serious," would the Minister make inquiry into the circumstances with respect to the earthquake reported a few days ago and give a statement to the House for the assurance of the persons who are concerned?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, I shall try.

• (3:20 p.m.)

RESEARCH

INABILITY OF MEDICAL RESEARCH COUNCIL TO MEET REQUESTS FOR GRANTS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): May I direct a question to the Minister of Industry and ask whether his attention has been drawn either by the Medical Research Council or by the authorities of a number of universities to the fact that the requests of the medical colleges for research funds have been met only to the extent of just over 50 per cent this year, as a consequence of which the services of very important research personnel will, it is likely, be lost?

Hon. C. M. Drury (Minister of Industry): I have seen this statement, and I would say briefly that a number of the requests made to the Medical Research Council were not accepted for technical reasons. Since last year the grants available to the Council have been increased by 50 per cent, as the hon. Member will recognize, and it is hoped that this large increase in the amount of funds available in the current fiscal year will go far to satisfy what are unquestionably growing and urgent needs.

Mr. Orlikow: Is the Minister aware that in his own city, in the University of Montreal, the grant available to Dr. Selye, taking into

account the decrease in the amount he will receive from the United States and the increase in the Canadian grant, amounts to less than last year by $165,000?

Mr. Drury: I was not aware of that, but I will check into it.

BUSINESS OF THE HOUSE

CONSIDERATION OF LEGISLATION TO ASSIST DESIGNATED AREAS

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I should like to direct a question to the Minister of Industry and Defence Production.

As the speech from the throne mentions measures for the economic development of designated areas, could the minister tell us when he proposes to introduce them?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I could not give a firm date, but I hope they will be introduced in the near future.

[*Text*]

FINANCE

TAX CONCESSIONS TO INDUSTRIES RESPECTING POLLUTION CONTROL

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): I should like to ask the Minister of Finance a question. I apologize for not having given him notice. Does the 50 per cent write-off he is allowing industry include land values where it is necessary to buy land to help clear up pollution problems?

Hon. Walter L. Gordon (Minister of Finance): No, Mr. Speaker.

VETERANS AFFAIRS

HONG KONG VETERANS—INQUIRY AS TO REPORT

On the orders of the day:

Mr. J. Chester MacRae (York-Sunbury): My question is for the Minister of Veterans Affairs. Is the Minister yet in a position to advise us when we may expect the special report in connection with the Hong Kong prisoners of war?

Hon. Roger Teillet (Minister of Veterans Affairs): I will have to check into that, and report.

Bank Act

BANK ACT

DECENNIAL REVISION AND EXTENSION OF CHARTERS

Hon. Walter L. Gordon (Minister of Finance) moved that the House go into Committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the decennial revision of the Bank Act and the extension of the charters of the existing chartered banks till July 1, 1975, and to provide further for certain changes in connection with the administration of the Act.

Motion agreed to and the House went into Committee, Mr. Lamoureux in the Chair.

Mr. Gordon: The purpose of this resolution is to provide for the bill in which we will make the decennial revision of the Bank Act. The Bill on this occasion will be a large and complicated one, making a considerable number of important changes. We have had the benefit of a very comprehensive report on banking as well as other related subjects from the Royal Commission and Banking and Finance. I wish to take this opportunity to express the appreciation of the Government for the work of the Commissions and their staff, and to commend the report to hon. Members in the consideration of this Bill.

In accordance with the usual practice, I will speak of the changes proposed in some detail on second reading of the Bill when the text will be before the House. At this stage I propose to deal only with the background considerations and the more important changes that we have in mind.

The central theme of the Report of the Royal Commission was that all our financial institutions, and particularly our banks, should have broader investing and borrowing powers than any of them as at present in order to achieve a more competitive and flexible financial system which will best serve the changing requirements of the Canadian economy. This central theme of the report should be taken as a long term objective in the evolution of our financial system. We have already made some progress in this direction during the last session in the legislation relating to insurance, trust and loan companies.

So far as the Bank Act itself was concerned, the Commission recommended that its coverage should be broadened to include deposit-taking institutions in addition to the chartered banks, and that any institutions not covered by the Act should not be permitted to engage in the business of banking. The Government agrees it is important to maintain Federal authority in the field of banking. Otherwise the time might come when it was no longer possible to effectively carry out national policies in a field which has been clearly assigned to the jurisdiction of Parliament. However, we feel the first step is to improve the provision of the Bank Act itself as it is applicable to the chartered banks. This will be done in the Bill to be introduced.

The Commission recommended that banking should be taken to include institutions accepting deposits with an original maturity of less than one hundred days. I understand there may be some question as to the legal basis for such a definition.

• (3:30 p.m.)

Some hon. Members: Oh, oh.

Mr. Gordon: I do not think I am exaggerating, Mr. Chairman, although I hasten to add that I am not a lawyer and must bow to those who are members of that exalted profession.

In the past the courts have expressed the view that the essence of banking is the accepting of deposits which are transferable on demand by cheque or a similar instrument. This definition, which differs from the one proposed by the Commission, could be applied through the medium of the clearing system which is now operated by the chartered banks under the Act to incorporate the Canadian Bankers' Association. This is the channel through which settlement is made for the cheques issued by other institutions as well as banks.

The Royal Commission recommended that membership in the clearing system should be broadened to include all institutions engaged in "banking" as they defined it, and therefore requiring clearing facilities. They also proposed that there should be par clearing for out of town cheques. The Government intends to give further consideration to these recommendations before proposing any changes in the legislation relating to the clearing system.

The present Bill is, therefore, simply one to revise the Bank Act itself. It will cover the present eight chartered banks and extend their charters for a ten year period commencing July 1 of this year. It will also apply to any new banks incorporated during this ten year period. The various amendments which are being made in it represent a substantial move toward the general objectives proposed by the Royal Commission.

It is proposed, as recommended by the Royal Commission, to allow the banks to make conventional mortgage loans. The banks will be permitted to charge going rates of

interest on these loans if they meet certain specified requirements. The Bill provides that the entry of the banks into this part of the mortgage lending field shall be on a gradual basis. It is expected that these proposals will provide more competition in this important area of the capital market and pave the way for a reduction in the average cost of mortgage borrowing.

It is also proposed to provide explicitly that banks may receive the same rate of interest on N.H.A. mortgages as is fixed by the Government for other authorized lending institutions. It is hoped that this step will encourage the banks to resume N.H.A. lending and by so doing reduce the amount which the Government has found it necessary to do in recent years.

Apart from the foregoing exceptions with respect to mortgage loans, the present 6 per cent ceiling on interest rates will be retained.

Some hon. Members: Hear, hear.

Mr. Gordon: As long as the general level of interest rates remains reasonably close to current levels, the exceptions being made in the case of mortgage loans and the customary service charges on personal loan plans should allow the banks to adopt somewhat more flexible interest rate policies on both loans and deposits. If, however, at some future time there should be a general rise in world interest rates which would make these proposals unworkable, then the Government would reconsider the 6 per cent limit.

It is proposed that the minimum Canadian cash reserve of the chartered banks be reduced from 8 per cent to 7 per cent of Canadian deposits. The Royal Commission recommended a system of cash reserve requirements involving different cash ratios for different categories of deposits, the result of which would have been to reduce the cash reserve requirements for the chartered banks. The Government does not feel that there are large enough differences in the types of deposits held by individual chartered banks to make it necessary or desirable to have as complicated a cash reserve formula as that proposed by the Commission.

Provision is also being made for a secondary liquid asset ratio which the Bank of Canada may impose from time to time and vary between 6 per cent and 12 per cent of Canadian deposits. This measure will replace the present voluntary agreement between the banks and the Bank of Canada regarding secondary reserves, and also replace the power to vary the cash reserve ratio which has been in banking legislation since 1954 and which it is proposed to discontinue.

As I have already announced to the House in statements on September 22, 1964 and February 16 of this year, the Bill contains measures to place limits on certain resident and non-resident holdings of bank shares and to prohibit shareholdings by governments. So far as non-residents are concerned, these measures are similar to those which have already been enacted for Federal insurance, trust and loan companies.

The Government agrees with the views expressed by the Royal Commission regarding the undesirability of too close affiliations between banks and other Canadian corporations, and the Bill provides limits on both share ownership in such cases and interlocking directorships.

The Government hopes that part of the future growth of our banking system will take place on the basis of an increasing number of banks. The revisions which are being made in the Bank Act should encourage such a development. In order to make it easier for applicants to get a bank charter when they can meet all the specific requirements of the Act, it is proposed that a new bank may be incorporated by letters patent, with the House of Commons having the right to annul such letters patent within a stated period of time.

It is hoped to proceed with the second reading debate on this Bill as soon as possible, and to propose then that the Bill be referred to the Banking and Commerce Committee for detailed study and discussion. It may be necessary, Mr. Chairman, to propose legislation extending the present bank charters beyond June 30, depending on the progress made with the proposed Bill.

Mr. Nowlan: I hope, Mr. Chairman, that the last statement of the Minister was not an understatement, but I am fearful that his prognostication may prove to be correct. Certainly those on the Banking and Commerce Committee will have, I presume, a relatively long and interesting session in dealing with this Bill if the House and the Committee of the Whole see fit to send it on to that Committee, as I assume will be the case.

As the Minister has said, we have had a Royal Commission dealing with this subject; a Commission which sat for some three years, I think, and brought down a report a few months ago—a lengthy, voluminous and very, very able report. It may be that all hon. Members, as the Minister intimated a few

minutes ago, will not agree with all the recommendations in the Royal Commission report, but certainly I would hope and expect that all hon. Members, particularly those who may be sitting on the Committee, will make it a requirement to read that report very carefully and rather intently.

It is not my intention this afternoon, Mr. Chairman, to deal in any detail whatsoever with the resolution which is now before us. The resolution has only four lines; it is very brief. It says "it is expedient to introduce a measure", and so on. "Expedient" in this case, of course, is the usual phraseology. But it is more than expedient; it is necessary by law because, as all hon. Members know, the time has come when we must proceed with the decennial revision of the Bank Act, and that is what is now before us. If we cannot conclude it before the 30th day of June, then certain remedial action will have to be taken; otherwise all banks of Canada will come to a stop and close their doors from the 2nd day of July, and that is something, of course, that could not be tolerated for a minute.

The Minister referred briefly to some points in the legislation that he said would be brought forward. I do not intend to refer to them at all. I think the proper course as far as we in the Opposition are concerned is to await the text which will be brought before us as soon as we have first reading, and then on second reading we can deal in some detail with the various provisions contained in that Bill.

• (3:40 p.m.)

On the basis of what the Minister said, I have no hesitation in saying that we on this side of the House in the Opposition will support the passing of this resolution. We would like to see the resolution pass at a relatively early date so that we can have the bill before us. I presume it will be a lengthy and voluminous bill probably running to scores and scores and scores of clauses, so we will have ample opportunity to examine those clauses before proceeding to second reading. I think, Mr. Chairman, that is all it is necessary for me to say at this time as far as the Official Opposition is concerned.

Mr. Prittie: Mr. Chairman, I agree with the hon. Member for Digby-Annapolis-Kings when he says we will not delay proceedings at this stage, and I hope we will be able to study the bill very soon. In the absence of the hon. Member for Nanaimo-Cowichan-The Islands I should like to make a few comments on the Minister's statement, but even though I speak for the hon. Member and from his place I do not pretend that I can match his knowledge of banking and monetary affairs.

The Banking and Commerce Committee will certainly be very busy with the proposals the Minister has made. Not only will they be dealing with the revisions to the Bank Act, but I believe they will have referred to them during the session also certain revisions to the Bank of Canada Act.

The Minister's statement dealt with a great many important points, including some of the recommendations of the Porter Commission. It is interesting to note that the Government has been very selective in accepting the recommendations of the Porter Commission; a great many of them have been left out. The Minister told the Committee that he will be recommending changes to the Bank Act concerning ownership of shares by foreigners and by provincial governments. The Minister also expressed fear on February 16 concerning provincial ownership of shares in chartered banks, and apparently he has a general fear that the ownership of shares by Provinces will in some way affect the federal monetary authority.

The answer to that, given at the time by my colleague the hon. Member for Nanaimo-Cowichan-The Islands, was couched in his usual forthright, concise manner, and I can do no better than repeat it now. As reported at page 11364 of *Hansard* for February 16 last the hon. Member said:

> I take very strong exception to the final part of his statement, which proposes to prohibit investment in chartered banks by any provincial governments. I am surprised that the Minister of Finance should be so obviously ignorant of banking techniques in this country that he would suggest for one moment that the ownership of shares in a bank by a provincial government would raise questions of jurisdiction over monetary policy. That is absolute nonsense, and I am sure the Minister is aware of that. It is technically impossible for that to take place, and if he is in doubt in that regard I suggest he consult with the Governor of the Bank of Canada, who I am sure will disabuse his mind of this nonsense.

Now, Mr. Chairman, I should like to elaborate a little on this point. I think this fear has been greatly exaggerated by the Minister, and I notice that a number of editorial writers in this country have picked it up. I cannot believe that shares held in one or two banks by one or two provinces can have a very important effect upon the monetary policy of this country and upon general economic conditions. After all, we have at the present time eight chartered banks, and if the applications at present under consider-

ation are granted we will have 11 chartered banks, so a very small minority interest by one or two provinces in one or two banks cannot make very much difference to the total picture of monetary policy in Canada.

In any case, Mr. Chairman, I suggest that the powers presently held by the Bank of Canada and by the Inspector General of Banks are quite sufficient to regulate the chartered banks. At least that is what we have been told, and I am sure it is true. Whether the shares are owned by private organizations and individuals or by public organizations does not make much difference; the Bank of Canada and the Inspector General of Banks have adequate power over all chartered banks at the present time.

I also suggest that in any case the provinces have a good deal of power to influence economic conditions in the country even though they do not have control over monetary policy. The collective budgets of the provinces these days are very great, and they can be used to exercise some control over economic conditions in the country. Therefore I submit a small amount of ownership of shares will change that situation very little. I also suggest that the Premier of British Columbia has far more impact upon the economy of this country through his control over the natural resources of the Columbia River than any ownership of shares in any bank would ever give him.

I realize that insurance companies, trust companies and mortgage companies are not now credit creating institutions in the same sense that banks are, but they do accumulate large amounts of funds and they can decide who shall receive those funds, for what purposes they are to be used and in what parts of the country they are to be used. Therefore it seems to me only logical that if the provinces are to be prevented from owning shares in banks they should also be prevented from owning shares in these other financial institutions.

It seems to me that the General Development Corporation of the Province of Quebec would be in this category, and I question very much whether the Government will take any steps against that body. Yet the step they are now taking regarding the banks really will not have that much effect if the provinces can invest in and gain control of other financial institutions, as they are doing at the present time and as they will probably continue to do in the future.

If the Minister proceeds to introduce this amendment to the Act concerning the provinces he can expect a great deal of opposition to that amendment in this House. He can also expect opposition from the Premier of British Columbia and from the Premier of Quebec, and in light of the present state of affairs in Canada today the opposition of these gentlemen might be more important than ours. Nevertheless this particular amendment will not be accepted lightly and will be opposed with a great deal of vigour. I am sure the Minister is aware that on March 26 the Legislature of British Columbia gave third and final reading to the amendment to the Revenue Act of that Province which permits the Province to buy shares in existing banks.

Generally, Mr. Chairman, we approve of the measures which the Minister has suggested will be designed to retain Canadian control and ownership of chartered banks. As far as I know only one has slipped out of Canadian control, and we trust that these measures will be such that this will not happen again. I should like to suggest though, that funds of the Canada Development Corporation might be used at some time to regain control of the bank we have lost to owners who do not reside in Canada. I do not suppose the Minister wants to introduce any retroactive legislation, but he might put a new section into the revised Act which would provide that if the shares of the bank which has been lost to Canadian ownership come up for sale again, the Canada Development Corporation should have first chance to buy them, which would perhaps rectify the mistake made in the past.

The report of the Porter Commission will be very important for hon. Members of the Banking and Commerce Committee and for the hon. Members of this House who will have to consider the report of the Committee later on. The hon. Member for Digby-Annapolis-Kings suggested that this report should be studied very carefully, as I am sure it will be, particularly by members of the Committee.

There have been a number of commentaries on the Porter Commission report and I should like to recommend to hon. Members one commentary which I read only recently. This is an article in the winter 1965 issue of the *Queen's Quarterly* by Professor J. C. Weldon. Very briefly, he says that the Porter Commission recommends modest institutional reforms of the existing system, but he complains that they did not relate Canadian banking to the total economy. And, indeed, there were no professional practising economists on the Commission. However, I merely

mention the article, which I think should be required reading for those members who will be actively considering the new provisions for the Bank Act.

My colleague the hon. Member for Nanaimo-Cowichan-The Islands has suggested that the Banking and Commerce Committee have quite wide scope and wide terms of reference when these matters are referred to it. In particular, he would like to see the whole question of international liquidity studied by that Committee. This is an active subject these days and is a matter of concern to the major trading nations of the world.

• (3:50 p.m.)

My colleague has this point in mind. Whenever the Bank Act has come up for review, as in 1934, 1944 and 1954, some theme has always emerged from the Committee hearings. In 1934 it was related to the central bank, which was new to Canada at that time. In 1944 the late Senator G. G. McGeer presented certain policies to the Committee. He was a Social Crediter who had infiltrated the Liberal Party. In 1954 it was the relationship of the central bank to the chartered banks.

An hon. Member: It went further than that; it went to the Senate.

Mr. Prittie: We will be discussing the Senate tomorrow.

My colleague suggests that this question of international liquidity might well be discussed this year by the Committee, before which some expert witnesses could be called. These Committee hearings can be very educational. These hearings, through the medium of the press, can be educational. I think this is a very good thing, because there are not more than four, five or six members of this House who understand very much about international monetary matters. I am certainly not one of them.

My colleague also suggests that many members of the press do not understand much in this regard. If this educational process could be a feature of committee hearings, as a result of the calling of expert witnesses in this field, I think there would be a general widening of public understanding of this very important subject.

An hon. Member: Let us call General de Gaulle.

Mr. Prittie: Yes, we might call General de Gaulle.

Mr. Chairman, I conclude these brief remarks by informing the Minister that when the Bill comes before us for second reading many Members will have studied its details and will be in a position to speak about it. I would also remind the Minister that he may expect a great deal of opposition to the amendment concerning provincial governments.

Mr. Olson: Mr. Chairman, as is well known to the Minister of Finance and to all other Members of this House, we in this party have always taken a keen interest in fiscal and monetary policies in Canada. We all realize that the decennial revision is now one year late. We hope that the Standing Committee on Banking and Commerce will commence its work at once so we can avoid any further delays in this revision.

I was very interested in some of the remarks made by the Minister of Finance in his opening statement, but I was unable to completely understand all he said in regard to what he referred to as the central theme of the Porter Commission report. I was not sure whether this was also to be regarded as the central theme of the Bill which is to be brought in to incorporate these changes.

The Minister pointed out that the Porter Commission suggested that the Bank Act be revised to broaden its application to other financial institutions in the country, which it referred to as "near banks". It was not completely clear to me from the Minister's statement whether the Bill to follow this resolution will contain provisions which will bring these other financial institutions within the ambit of the Bank Act and under the jurisdiction of the Federal authority.

The Minister then defined a bank, and in doing so suggested there was more than one definition and that the Porter Commission's definition was not necessarily synonymous with other definitions that have been made in the past. I suggest that we will be faced with some very serious constitutional problems regarding imposition by the Federal Government of restrictions on the ownership of banks as a result of these many definitions.

There are no apparent problems in respect of applying the provisions of the existing or revised Bank Act to chartered banks, of which there are now eight. There will perhaps be nine or ten before very long. However, when we consider this restriction, using the Porter Commission's definition, in respect of other institutions which are near banks there will be serious difficulty.

In the Province of Alberta there exists a large financial institution, if one wishes to

call it that, known as the Treasury Branch System. This is as near to being a bank as possible. It provides all the services provided by a chartered bank with the exception of making clearances to banks outside of the Province. Of course this institution does have a working agreement with one of the chartered banks in order to carry out that operation. This institution does not account to the Federal Government, and if the Federal Government intends to attempt to limit Provincial ownership in this kind of financial institution because it is a bank within a certain definition, the Minister of Finance will have difficulty in determining that of which the Province will have to divest itself. Surely there is no suggestion that the Province will have to divest itself of its treasury, and this Treasury Branch System is simply an extension of the treasury and its branches are quite properly termed treasury branches.

An hon. Member: That was just a gimmick.

Mr. Olson: It may have been a gimmick, but it has been a very successful one. It seems to me that if we are going to have bad legislation on the books of the Federal Government, the Provinces have no alternative but to devise ways and means of providing the kind of service their citizens demand in spite of those laws.

Mr. Chairman, I have raised this subject because if the Federal Government presumes that it has the authority to bring the operation of these treasury branches, for example, within the terms of the Bank Act, and the authority to say that no Provincial Government shall own an institution of this kind, it has locked itself to a position which it is not going to be able to put into effect.

The Minister of Finance and his Government may be able to prevent the Premier of British Columbia from obtaining a federal charter or in fact from owning any of the stock of a company holding such a federal charter, but I cannot understand how he is going to prevent the Premier of British Columbia from setting up provincial treasury branches if that Premier chooses to do so. I cannot understand how the Minister can be successful in preventing such treasury branches from providing these services normally provided by chartered banks.

We must also consider the application of this amendment to the Bank Act to credit unions. When we examine carefully the activities and the services provided by credit unions, the Minister will have to agree that many of these credit unions qualify as banks or near banks within the terms of his definition. These credit unions accept deposits for less than 100 days. They transfer on demand balances from one account to another. I am sure the Minister of Finance and his Government generally will not be foolish enough to attempt to suggest that credit unions will have to comply with the proposed revisions to the Bank Act.

• (4:00 p.m.)

An hon. Member: They are plenty foolish.

Mr. Olson: My friend says, "They are plenty foolish". However, I do not believe they are politically stupid enough to try to impose this Bank Act on the credit unions within the country.

Mr. Gordon: I wonder if my hon. friend would permit me to ask him a question? In view of the confidence he has just displayed in the wisdom of the Federal Government, I wonder why he thinks it is necessary to make this particular speech before he has had the benefit of reading the bill? It could be that a lot of what he is saying will turn out to be redundant.

Mr. Olson: I hope so, Mr. Chairman. However, at the commencement of the Minister's statement he said—if I am wrong I hope he will correct me now—that the central theme of the changes in the Bank Act would be to broaden the application of the Act to cover financial institutions or these near banks.

An hon. Member: He was quoting the Porter Commission.

Mr. Olson: Oh, he was quoting the Porter Commission.

Mr. Gordon: My hon. friend asked me to correct him, and perhaps with the indulgence of the Committee I might be permitted to say I was quoting the Commission. I went on to say that these changes in the Bill were restricted to the Bank Act and that they avoided a lot of the difficulties that, by implication, my hon. friend is raising. I recognized these pitfalls and these dangers. I think he will be relieved when he sees the bill.

Mr. Olson: I am very pleased to hear this further explanation from the Minister. I suggest that when he prepares statements of this kind he should make it fairly clear to hon. Members of this House when he is quoting someone else and when he is actually expressing his own views. I am not sure that I could find that exact point.

There are a number of other things the Porter Commission recommended about which we were very apprehensive. One of these is referred to on page 364 of the Porter Commission report on Banking and Finance, and I quote:

> The 6 per cent interest rate ceiling introduces undesirable rigidity in the financial system and hampers and distorts the working of markets. It also has arbitrary effects on the institutions' competition for business and on their ability to serve the community well which were not contemplated when the ceiling was originally introduced and subsequently amended. We recommend that it be removed regardless of other changes in the legislation.

I am very happy, Mr. Chairman, to hear the Minister say that they are not going to remove this 6 per cent interest ceiling except for certain types of loans such as conventional mortgages. After all, these chartered banks in the country, whether there be eight or ten of them, in fact have something of a monopoly. They are granted a franchise or charter by Parliament to carry on this kind of business in the country. I believe that whenever a franchise that does, in fact, provide for a monopoly, is granted by the Government there is then justification to impose some limits on the charges those institutions can make. I think it is right and proper, for example, for certain public utility distribution systems, such as power, water and gas, in which there is an absolute monopoly, to impose limits on the charges that can be made. This same principle applies to the banking institutions. I am pleased to hear the Minister is going to retain this limit of 6 per cent.

There is one very serious problem that has developed in the country over these past few years, Mr. Chairman, and that is the tremendous expansion of consumer credit companies. It is my belief that the banking system in the country could have picked up a great deal of this demand for consumer credit if it had chosen to do so, even within the confines of the 6 per cent ceiling. The fact that the banks, a few years ago, displayed no interest whatever in accommodating the demand for this consumer credit gave rise to all these consumer credit companies that charge, in many cases, exorbitant rates. I believe that the banking system in the country should have accepted its responsibility to the public, to Canadians generally, to provide this credit at reasonable rates rather than turning these people away from their doors and forcing them almost into the hands of small consumer finance companies, in some cases unscrupulous operators who charge as high as 18 per cent or 35 per cent interest.

[Mr. Olson.]

We have an obligation as a Government, as a Parliament, to provide the services that Canadians generally demand. The banks should have recognized years ago that there was a demand for very small loans to finance the establishment of households, the purchase of automobiles and other things. The banks were not interested in this business and turned these people away. We have seen the phenomenal growth of the small finance companies. I believe the banks should accelerate their efforts, even now, to pick up some of this consumer credit demand. The existing banks have insisted that they were unable to do this within the limits imposed by the 6 per cent, but that is not an argument. As a matter of fact, even today they are charging an effective rate of interest of up to 9 per cent or 11 per cent after they add on some other charges. More than once I have questioned whether or not these charges are actually ultra vires of the Bank Act. Nevertheless, they have been doing it and they have not been prosecuted. Even the 9 per cent or the 11 per cent charged in some of these small loans would be preferable to the 1.5 per cent or 2 per cent per month that is being charged by other consumer financial institutions.

If I may turn to another subject, I am not at all sure what the procedure is going to be, on the basis of the Minister's explanation, for establishing banks by letters patent. Then, if Parliament is not satisfied, they can revoke the letters patent. It seems to me that this is a kind of left-handed or back door way of setting up a bank. There has been some difficulty in getting bank charters through this House on the present basis of having them introduced as private members' motions, and then having them talked out day after day because of the limitation of time devoted to private members' business. However, it seems to me that there are other ways of doing this, such as bringing them in as Government sponsored motions when there could be a whole day devoted to them. The other problem is that there have been some difficulties between the Federal Government and some of the Provincial Governments who have had some interest in the charters of new banks. This has agitated the problem. I hope the Minister of Finance does not go so far as to take away completely from Parliament the responsibility for granting charters to new banks in the country.

• (4:10 p.m.)

It seems to me that there is a rather extreme way of handling what the Minister may regard as a difficult or awkward situation which has developed during the past session. I realize that this decennial review and revision of the Bank Act must be completed by the end of June, or else there will have to be another special resolution passed by Parliament to extend the bank charters for an additional period, because they expire on June 30.

Though the Minister of Finance did not suggest there were to be any revisions of the Bank of Canada Act at the same time as the review of the chartered banks act, I think it is time we gave consideration to some of the difficulties that have manifested themselves.

Mr. Gordon: I wonder if my hon. friend would permit me to ask another question, and make a comment in the form of a question. Was he not aware that the bill to revise the Bank of Canada Act received first reading at the beginning of the sitting today?

Mr. Olson: Yes I was, Mr. Chairman. There are one or two things which ought to be in the Bank of Canada Act, and it is probably unnecessary to go into this matter until we see the intention, but there has been some difficulty in defining the responsibility of the Minister of Finance respecting the operations of the Bank of Canada. We had a very serious manifestation of this between a former minister of finance, Mr. Fleming, and a former governor of the bank, Mr. Coyne, and the Porter Commission in its final chapter looked into this question and said:

> We therefore recommend that any directive take the form of an Order in Council to ensure that it receives Cabinet consideration.

Further on, at page 557, dealing with the division of responsibility, it said:

> We are convinced that this can best be achieved under a system in which the responsibilities of all concerned are sharp and real.

Up to the present time it has been fairly obvious that the responsibilities of the Minister and of the Government have not been sharp and real.

Further down page 557 the Porter Commission stated:

> The freedom which the central bank requires to fulfil its duties to the nation is not the freedom to evade the public will.

The Minister would be well advised to take under consideration the public demand for expansion at certain times, and it would be well for him to bear in mind that Parliament is the place where the public will is expressed—at least between elections—and the Bank of Canada should not operate in such a way as to defy the wishes of Parliament, or what could be called a consensus of public opinion.

I am not going to take up any more time this afternoon. These are some of the things we hope will be in the bill. The Minister has said that most of what I have suggested will be in the bill and that it is unnecessary to express many of the apprehensions which I mentioned, as provision is made covering them. I hope they are covered.

• (4:20 p.m.)

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Chairman, I listened closely to the preliminary remarks of the Minister of Finance (Mr. Gordon) concerning the revision of the Bank Act which is effected normally every ten years.

The first thing which struck me—it is indeed the most striking, and I am sure the minister will not be too surprised at our remarks since he is somewhat familiar with our views—about the reform to be made in our present banking system, is the lower percentage of the liquid reserve that a chartered bank must have. We are disappointed to find that this reserve, which is now set at 8 per cent, will be lowered to 7 per cent.

This means that in the past, if a bank had $8 in available cash, it could lend $100 in scrip or bank money. A bank having $8 could lend $100, which means that it could lend $92 it did not have and which did not exist. Therefore, it created 92 per cent of all the money in circulation in Canada. A bank having $8 in ready money could lend $100, thus creating $92, that is, 92 per cent of the money supply then outstanding in Canada.

This 8 per cent will be reduced to 7 per cent, which means that in the future, a chartered bank might lend $100 even though it has only $7. In the past, with $8, it could lend $100; in other words, every one of its dollars was multiplied by 12½. This means that the Bank of Canada, by controlling the legal currency, controlled 8 per cent of the money in circulation, that is, of the money supply, and the chartered banks controlled 92 per cent of the money supply, that is, all the scrip money.

Through this reduction of their cash reserves from 8 to 7 per cent, banks will now be able to lend 14½ times what they have instead of 12½ times, that is $93 which do not

exist when they have $7. Therefore, they will make money at the rate of 14½ times their cash reserves instead of 12½ times.

In figures, what does that mean? When a bank lends $100 at 6 per cent, it gets $6 interest at the end of one year. But to lend $100 it needs only $8. That means that when banks have only $8, the government authorizes them, because they hold a charter, to lend $100, that is $8 they have and $92 they do not have but create by lending them. So, they make a profit of $6, but since they have only $8, that represents a profit of 75 per cent.

Under the new system, banks will be allowed to lower their cash reserves to 7 per cent. Therefore, when they have $7 in cash reserves and lend $100, they will still get $6 interest but that will represent from now on a profit of 85 per cent on their cash reserves.

Mr. Chairman, as you can see, in the future, the banks will have the opportunity to grow rich at the rate of 14½ times rather than 12½ times the actual value of their assets.

Mr. Chairman, as a matter of fact, we wonder why the Minister of Finance does not do that himself, why the Bank of Canada, which is a crown corporation, a government agency does not do that itself? If the Bank of Canada were authorized to multiply by 14½ times its cash reserve instead of leaving it with the chartered banks, then it would be the one to control all the new scrip money put in circulation, it would be the Bank of Canada which would actually make profits for the government, for the Canadian people, while today we leave it in the hands of private companies, of few private companies—there are eight altogether—always controlled by the same big financial interests. We wonder why the Minister of Finance does not choose rather to reform the Bank Act so as to compel the chartered banks to maintain their cash reserve at 100 per cent at all times and to let to the Bank of Canada the privilege of creating the bank money which is now created by chartered banks.

Mr. Chairman, that would be quite a change because then the government would not have to borrow money from the chartered banks. In fact, if I were the Minister of Finance in a sovereign country, in a country such as Canada, I would find it shameful to have to borrow money from private interests, when the government, through the reform which takes place every ten years with respect to the Bank Act, could take away from the chartered banks the privilege of creating money and grant that privilege to the Bank of Canada so that in the future the government might deal with it to borrow whatever amounts of money it might need.

And the provinces could also use the Bank of Canada for borrowing, without interest, the amounts of money they might need for their development.

Mr. Chairman, here is another point regarding this cash reserve reduction from 8 to 7 per cent. Formerly, the $900 million cash reserves of the banks represented about 8 per cent of the $11 billion, $11½ billion which they lent. Now that they will be required to have only a 7 per cent cash reserve, they will be able with the same cash reserve, to lend $13 billion and a few hundred million dollars instead of $11 billion and a few hundred million dollars. Therefore, this will enable the chartered banks to create $2 billion more, and to automatically become richer by $2 billion more than previously, which they will be able to lend as bank money. That is $2 billion more that the banks will be authorized to lend without even having one cent more in their coffers, because of the fact that they will be able to reduce their cash reserve by 1 per pent. This will allow the chartered banks to lend $2 billion more overnight through the revision of the Bank Act which the government or the Minister of Finance just introduced. This will allow the chartered banks which were already sufficiently wealthy, to become wealthier to an additional extent of $2 billion.

It can be said that the Minister of Finance is truly the best friend of big financial interests, the chartered banks in Canada. Corporations do not receive windfalls of $2 billion every day. But the Minister of Finance just made a gift of $2 billion to the chartered banks in allowing them to maintain a cash reserve of only 7 per cent of their loans. This is quite a gift, and the minister did not have such a gift for the people of Canada when he introduced his budget a few days ago. He just offered a monumental gift of $2 billion to eight private companies in Canada, namely, the chartered banks.

Mr. Chairman, regarding revision of the Bank Act, the main item which will come up for discussion will be the restriction that the federal government intends to impose on holdings of bank shares by the provinces. According to the Minister, such a restriction is necessary if the federal government is to keep control over banking.

Mr. Chairman, I fail to see how the holding of bank shares by the provinces would reduce federal government control over banking. Would the fact that a municipality or a city like Montreal, Toronto, Quebec or Winnipeg had shares in chartered banks mean that the federal government would lose its control over banking?

Is the Minister of Finance suggesting that if the city of Toronto—the minister represents a Toronto constituency in this house—were, tomorrow morning, to buy shares in a bank, say the Toronto-Dominion Bank which is in that city, the federal government would thus lose part of its control over banking to the hands of the city of Toronto? I think that the Minister of Finance would automatically say that he has no fear that the federal government would lose its control over banking. But if that were the case, why would it be so if a provincial government held shares in a chartered bank?

Suppose a Protestant church or a Catholic church decided to buy bank shares, would that mean that the church would then exercise some control over banking to the detriment of the federal government? The federal government control over banking is not impaired by the fact that municipalities are buying shares in chartered banks; if churches were to buy shares in chartered banks, the federal government would not lose any of its control over banking because of that fact. Then, could the federal government lose its authority over banking because of the very fact that a province would acquire shares in a chartered bank?

Obviously, the argument made by the Minister of Finance does not hold water because the authority over banking does not necessarily depend on the person, the body or the corporation having shares in a bank; it comes mainly from the fact that only the federal government has the right to legislate in that field. The fact, for a province, to have shares in chartered banks does not give this province the right to legislate in the banking field. This can allow a province to take advantage of certain banking operations, as all other shareholders in a chartered bank, but it does not give the province the right to legislate in banking.

Then, why is the Minister of Finance so afraid of the participation of provinces in banking? The true reason is this. The economic development of any individual or any public body is made much easier if it enjoys privileges and prerogatives presently held by chartered banks. Now, the federal government has always refused to enjoy privileges and prerogatives enjoyed by chartered banks.

Moreover, the provinces have recognized that the chartered banks were enjoying a great number of privileges and prerogatives and they would like to enjoy those also, as any individual, in order to promote development within their boundaries. That is what the Minister of Finance is afraid of. He is afraid that the provinces might develop too rapidly while the federal government, depriving itself of the privileges and prerogatives of chartered banks, will not be able to keep pace with a province that would have access to the privileges and prerogatives of chartered banks.

The solution, Mr. Chairman, is not to keep the provinces from enjoying economic development through an interest in the bank operations of chartered banks. Neither is it to prevent the provinces from developing financially by taking advantage of the privileges which the Minister of Finance is granting today to chartered banks, that is the privilege of lending 14½ times what they have. No, Mr. Chairman, that is not the answer. The answer would be to let the federal government enjoy the prerogatives and privileges of the chartered banks and take steps to ensure that the bank it owns at present, namely the Bank of Canada, is also in a position to create scrip money the way the chartered banks are doing now. The answer is to let the federal government itself create the over-all money supply outstanding and not only 7 or 8 per cent, so as to encourage national development.

But no, the federal government does not want to get involved in this. The Minister of Finance goes on favouring the chartered banks by granting them the exclusive control over the creation of credit and scrip money in Canada.

Without any control on the creation of credit and scrip money, the federal government cannot develop as quickly as if it had the privileges and prerogatives given to chartered banks. But the provinces would like to take advantage of these privileges and prerogatives. They are not seeking authority on banking, but they do want to enjoy those privileges granted under the federal legislation to any public body, association or individual that is a shareholder of a chartered bank or is interested in its banking operations.

The provinces should enjoy the economic, financial and monetary advantages of banking operations as other Canadian citizens. In

fact, if Canadian citizens are allowed to do so, why should a province or a group of Canadian citizens incorporated for the establishment of a chartered bank not be entitled to the same privilege? Would it not be even more advantageous to allow a group of Canadians to form an even greater corporation, that is a province? That way, all the inhabitants of a province could benefit from those advantages.

Mr. Chairman, I feel that the minister's contention that such a step might restrict federal authority in the field of banking is a very weak argument and I hope that not only British Columbia but also Quebec—which has already announced its intentions in that respect—will, with the help of the other provinces, put up a good fight against the decision taken by the Minister of Finance.

Mr. Chairman, when we see individuals or chartered banks get rich, these days, at a fantastic rate because they control and create scrip money in this country, we would like to see the provinces, Quebec, for instance, or British Columbia, enjoy the same privileges, so that they could promote the development of a whole province, not for the profit of a few individuals, but for that of all the citizens of a province.

In fact, I suggest it is far more important for the provinces to enjoy these advantages for the whole of their population, than for individuals to do so for their own profit, often to the prejudice of a great many of their fellow citizens.

Mr. Chairman, of course we do not know yet the provisions of the bill which will follow the passage of this resolution, but there are some improvements to the Bank Act which we would like to see achieved.

First of all, we would like the Bank of Canada to take over, to the extent of 100 per cent, the control of the creation of the outstanding money supply, the control of all scrip money, of all bank money, so that the Canadian government would control, to the extent of 100 per cent, the outstanding money supply.

Another change we would suggest to the Bank Act is that, taking into account the rate of its circulation, the volume of the money supply should always be equal to the country's production, with the consequence that whatever may be the volume of production, there will always be the purchasing power needed to buy it. In fact, there will always be as much purchasing power in circulation as there are goods on the market,

and this will allow the Canadian citizens to avoid having to buy under finance plans.

When the Canadian people have the required purchasing power to buy the whole of the production offered on the market, they will no longer have to buy under finance plans or to borrow from finance companies at high interest rates, as happens today.

Another change we would like to see made in the revision of the Bank Act—

• (4:30 p.m.)

[*Text*]

The Deputy Chairman: Order. I must advise the hon. Member that under Provisional Standing Order 61-A, the time allotted to him has expired.

Mr. Gelber: "Neither a borrower nor a lender be" was the advice given to his son, Laertes, about to depart for England, by Polonius, adviser to Kings of Denmark. This advice would be the death of the banking system and make us all cash customers at much higher prices, and a considerably lower standard of living. The great bounties of this continent were originally developed with the assistance of capital borrowed abroad. To this we added our own savings. The joint investment, plus much hard labour, yielded from our rich resources a great bounty. The ability of Canadians to borrow both at home and abroad has made possible this remarkable continental economic society, which has achieved great things.

We are now in the midst of a post-war expansion of longer duration than any of the earlier periods of expansion. Our growth has varied with the rate of investment, and we are projecting in the year 1965 the highest investment in the history of Canada. The all-time high in 1964 of $10.827 billion will be outpaced by 14 per cent to a total of $12.305 billion. Business capital, excluding housing, will total $7.253 billion, while housing and social capital will reach $5.052 billion, according to estimates which have been tabled in this House by the Minister of Trade and Commerce in the *Annual Survey of Public and Private Investment Outlook in 1965*.

The largest increase in social capital will be for universities, where 60 per cent more will be spent than in the previous year. Hospitals and schools also account for a much larger sum, while all levels of government are expected to increase their expenditures by 19 per cent. The greatest of these will be for highway construction by provincial governments. There is an anticipated increase in business investment of 12 per cent. Capital

outlays in the manufacturing group are expected to increase by 23 per cent, with the chemical industry doubling its percentage, with new facilities for fertilizers, plastics, synthetic fabrics and other products. The petroleum and coal products industry will add to its outlays by 86 per cent, particularly in view of the expansion of refinery capacity. The large increase in expenditures by automobile companies largely makes up for the 50 per cent increase in transportation equipment, while the pulp and paper industry accounts for another 35 per cent.

An analysis of these figures indicates that the biggest increases are in industries other than those producing commodities. In construction the largest percentages will be in non-residential building activity. Thus, improvement in productive facilities and their expansion is strongly indicated. The modernization of Canadian industry makes it more competitive both at home and abroad. All this activity underscores the importance of a strong, dynamic financial base to provide large services and at a reasonable price. The financial tempo of Canada is closely related to the dominant market with which historically we have been associated.

• (4:40 p.m.)

A number of very revealing charts are published in the Budget Papers, pages 534 and 535, indicating the intimate association of money rates between Canada and the United States. The year 1962 is a sad and costly exception. In the debate about the seat of monetary power in Canada, those who pointed to the Government as the seat of authority were able to establish their position. Certainly fiscal policy in Canada is a potent instrument, providing a climate for investment. This has also a most important influence on money rates, but we cannot dissociate ourselves from the importance of rates established by the New York Federal Reserve Board. Probably the discount rate of the New York Board has a more potent influence in Canada, in the long run, than that of the Bank of Canada itself.

Deficits, both in our national accounts and in our balance of indebtedness, limit our ability to manoeuvre. The economic independence of Canada can be more readily asserted when we do not have to meet large deficits, both in our international account and in our account at home. This does not mean that on occasion it is not important to use the facilities of deficits, both at home and abroad, but in the long run this qualifies our ability to plan. The lesson of the last Government indicates that mounting deficits at home and a worsening balance of payments problem forced us into a position where very high rates of interest were paid by the Government to finance its operation, and eventually control over the rate of the Canadian dollar was temporarily lost. Very substantial assistance by friends abroad and a sizeable devaluation of the Canadian dollar established a new basis. We continue to pay those high rates of interest, which were contracted in those days by the Canadian Government, in the wake of the reconversion loan of 1958. We want to ensure that we can plan for the economic well-being of our country and that the facilities available are not weakened by deficits at home and abroad.

The review of the Bank Act gives us once more the opportunity to assess an important area for financing our national development. Tables published on pages 106 and 107 of the report of the Royal Commission on Banking and Finance, 1964, indicate that while the assets of the chartered banks for the 27-year period 1935-1962 multiplied almost six times, as a percentage of the total assets of all the chief financial institutions they declined in the same period from 44.4 per cent to 34.9 per cent. The relative role of life insurance companies plus pension plans, plus mutual funds, remained about the same; but this was due to the large increase in pension funds, and while life insurance assets in Canada multiplied five times, their percentage declined from 35.2 per cent to 23.4 per cent of the total.

The recent increase in assets of the trust companies has brought their relative position at the end of the period to exactly what it was at the beginning. An eight times growth was assisted by an increase between 1955 and 1962 of more than two and a half times. Caisses populaires and credit unions show a growth about six times over. Finance and consumer loan companies increased their assets 28 times and as a percentage of the total grew from 1.4 per cent in 1935 to 5.3 per cent in 1962.

This certainly indicates that the role of various institutions within the financial complex of Canada has changed materially, and in reviewing the total financial spectrum the relative positions of institutions must be carefully evaluated. The Government, in accepting responsibility for monetary and fiscal policy, as expressed by the Minister of Finance when he first took office, must ensure that measures which it undertakes can be

effective in those areas of the financial community which have achieved a new importance in the life of Canada. We certainly welcome the statement of the Minister in the House this afternoon which indicates that these will be included in the bill shortly to be presented to the House.

The economic creation of debt is the building of assets, and the management of debt, both public and private, is of fundamental concern. The most dramatic aspect of public debt in Canada has been the growth of provincial obligations. The provinces are undertaking new tasks and old tasks in a much larger way. The requirements of education, roads and other capital commitments have increased the percentage of the total debt held by provincial authorities. Municipalities have also entered substantially into the debt field. It is interesting to note the table on page 509 of the report of the Royal Commission on Banking and Finance, 1964, which shows that the ratio of federal debt to the gross national product is at its lowest point since 1935. In the last two years the ratio has undoubtedly declined further.

In recent legislation passed by this House, trust companies, insurance companies and loan companies are now permitted to advance by way of mortgages 75 per cent of the assessed value of property, as compared to the 66⅔ per cent which prevailed previously. This will mean that these companies will now be able to hold a larger percentage of their assets in mortgages. There has also been a proposal that banks be allowed to engage more directly in the mortgage business.

There is one caveat I would like to enter with respect to all this discussion. At the present time there is a buoyant real estate market and the percentage of the resources of some financial institutions in mortgages is increasing. At what point is the line drawn? To what extent are we going to use the financial resources of this country to finance real estate development? For one thing, have we made C.M.H.C. mortgages sufficiently negotiable so that an organized secondary market exists for them? The figures detailed above about the growth of plant and capacity should underscore the necessity for making financial resources available to finance this crucial development.

Another important aspect of our growth is the cultivation of export markets. Exports as a percentage of gross national product have, in fact, declined and we should make certain that the most efficient and the best financial facilities are available to ensure the capturing of markets abroad. We know that competitive countries have made all sorts of attractive financial offers to potential buyers in financing sales of their merchandise, and Canada should ensure that her own export industries have available to them the most advantageous financial arrangements.

There has been a commendable growth of manufacturing exports and we should insist that this highly competitive aspect of our development is encouraged. Many of our basic resource exports are sold on a cash basis, but manufactured goods particularly require financing. We know from bitter experience that in the markets of the world it is our labour which is discriminated against. The more we process our raw materials the more difficult it is to sell them in competitive markets. Therefore we should ensure that our highly processed commodities are offered in world markets under the most advantageous conditions.

In looking at our financial resources we should marshal them for the major tasks which the country requires. Those whose special opportunity it is to offer this type of financing should be encouraged to concentrate their resources on the working capital aspects of financing. Rigidity is something that we should avoid in offering opportunities for development.

• (4:50 p.m.)

At an earlier session of this Parliament, the hon. Member for Essex South introduced a bill which would qualify the preferential position of banks as creditors of bankrupt estates under section 88 of the Bank Act. His proposal was examined with considerable detail by the Banking and Commerce Committee and highlighted the privileged position provided the chartered banks.

In other countries the banking community seems to operate well without this discrimination against ordinary creditors. Its privileges are also subject to abuse. A local manager holding a personal guarantee of a debtor has a common interest with the debtor as against the ordinary creditors. After satisfying all those with a preference there is quite often very litle left even to administer the estate. Under the existing bankruptcy law, which I hope will be changed shortly, a heavy onus is placed on the ordinary creditors, who are the ones that inevitably get the short end of the stick.

There is another aspect of financial policy which concerns us and that is price. We certainly welcomed the announcement of the

Minister this afternoon to the effect that, with the exception of mortgages, the price line for money offered by chartered banks is to be held. I said before that the influence of the major money markets on the cost of money in Canada must always be remembered, and with this centripetal force we must ensure that the cost of money in Canada does not rise too far away from that prevailing in the United States. When the spread is too great, activity in Canada will not only be dampened, but our competitive position abroad will also be impeded. Money rates should be kept cheap enough to ensure an adequate rate of growth at home, only limited by factors abroad of which we must be aware, while vigilant of the dangers of inflation. This Government is to be highly commended for maintaining a policy of cheap money.

The other aspect is that money supplies should be adequate. The deflationary aftermath of the reconversion loan of 1958 should have impressed us with the important relationship between fiscal policy and the availability of capital for development. The Government should pursue, as it has, policies of an adequate money supply. A healthy financial market with adequate sums at attractive rates provides an important basis for the economic well-being of Canada.

I should also like to say how strongly I support the position announced by the Minister this afternoon in reaffirming federal authority in the field of banking. Certainly the hon. Member who preceded me, who spoke about the opportunities for provinces to invest in banks, in no way established that this would add to the services available to Canadians who require banking facilities. I am pleased with the statement of the Minister to the effect that additional charters would be welcomed and that the competitive aspect of banking will be promoted.

These are some of the thoughts that occur to me as we approach the renewal of the charters of the banks which have played such an important role in the growth of this country. We are proud of our national banking system. The role of the local bank in other countries has been important; but in our own, where geography plays such a dominant part, the banking system has helped to establish a lingua Franca for commerce and industry. The totality of the financial institutions in Canada must be examined at this time when we are reviewing the role of the chartered banks, because the near-banks and other financial institutions play important roles in the same scheme of economic activity. We must see our banks strong and we must see them playing the important roles that our economy requires, and we must ensure the continuing service to the people of Canada through the financing of a high rate of economic growth and well-being.

Mr. Lambert: Mr. Chairman, the resolution we now have before us is the precursor of a Bill which I think will affect Canadians as much as any other piece of legislation which has been passed by this Parliament, the Canada Pension Plan and others notwithstanding. I think the impact of our banking system on the Canadian economy and the lives of all Canadians has been far greater than anything else, with the exception perhaps of the light touch by the Minister of Finance on the income tax. That might be felt a little more by Canadians than a change to the banking system. We in Canada have been very fortunate in having one of the soundest banking systems in the world. This system has been developed through hard experience.

During the last session of Parliament, when we were considering an attempt to incorporate the Laurentide Bank, I made a résumé of the incorporation of banks since before Confederation, which indicated what attempts had been made to get into the banking business, what had failed and what had been successful. Today and on other occasions we have been told that there are many strictures as a result of the monopolistic positions of Canadian banks. To be quite frank, that does not bother me at all. As a matter of fact, the fact that two of our chartered banks are among the 12 largest banks in the world—I am subject to correction in this regard, but certainly one of them is among the first 12, with another just slightly lower down the scale—is a great and worthy reflection on the strength of our banking system.

In this day and age we do know that the competitive operations of banks are not limited to that area within the boundaries of this country. Many of our chartered banks have very strong connections abroad. In fact one certainly was the backbone of the banking system in the Caribbean area for a long period of time.

In any event, we as Canadians have a very sound banking system, but that does not mean there is not room for improvement. I think the wisdom of a Minister of Finance in past years in setting up the Porter Royal Commission, after a period of some 25 years—I

believe in the mid-1930's Lord MacMillan sat as the President of the Commission on the Canadian banking system—has led to an understanding that we should have a revision following public hearings by a royal commission.

I am sure that all the Members of this House and of the other place will be duly appreciative of the efforts of that Commission and its valuable report. The country as a whole owes the Commission a deep debt of gratitude for having brought forward such a fine report. I am sure, however, that even the commissioners are not so sanguine as to think that everything they suggest should be accepted as gospel. That Commission has made certain recommendations following a considerable number of hearings. I am sure the Government will see fit to accept certain propositions put forward in that report; that is why we have royal commissions. But the Government does not have to accept the entire report. The crucial thing is, how much should be accepted, how much should be deferred and how much should be rejected. Very often it is when making these decisions that the soup gets spoiled, and the over-all factors become blurred.

The Minister has very briefly indicated the propositions which the Government intends to put forward in a bill which I hope we will see later this day, perhaps at ten o'clock or, hopefully, earlier. In any event, if I may claim some affinity for the banking system, having in my earlier years spent some time in a humble capacity with one of the chartered banks, I should like to say that I believe there is some wisdom in erring on the side of caution with regard to our banking system.

• (5:00 p.m.)

There have been some, shall we say, not necessarily progressive suggestions but some rather radical suggestions with regard to the Canadian banking system. Frankly, I am quite prepared to have not only a second look at these propositions, but even a third and a fourth look. Having listened to the hon. Member for Lapointe a few minutes ago indicate that the party with which he is associated intends to have a lot to say about this bill and the other bills, the one dealing with the Quebec Savings Bank and also the one about which no doubt the Minister gave notice today—and I am not sure that the happenstance will be entirely happy—I found it rather singular that the representatives of that party on the Banking and Commerce Committee last session were conspicuous by their absence when we were dealing with trust and loan companies, which form an integral part of our financial system. I am wondering where they are going to fit into this particular context. In any event, it will be interesting to see the assiduity with which they attend the Banking and Commerce Committee when this bill comes before it.

The Minister has indicated that there is going to be some gathering in of other institutions under the umbrella of the Bank Act.

Mr. Gordon: It was recommended.

Mr. Lambert: Yes, there was a recommendation in connection with these deposit-taking institutions, that there should be some greater control. In my view, there are a lot of institutions that are carrying on the business of near banking that must be brought under some form of control. Frankly, their operations are very close to the line. It will only take the failure on the part of one or more of these institutions to honour their depositors' credits to start a terrible run, and a lot of people will get hurt. A number of these institutions operate on what I think is a far too narrow principle, in so far as liquid reserves are concerned. They are well overextended in real estate and construction promotion. It would take but one or two bad breaks for the whole house of cards to tumble.

As a matter of fact, we have seen recently the suspension of dealings in shares of a certain corporation that was sailing high and wide in the field of real estate development and promotion. It is in trouble. It is strange that a number of these so-called near banks are tied in with concerns that operate in much the same manner in Canada. The two of them are so closely tied together, we must be most careful that a run does not start in that particular sector. I hope to see in the bill just what the Minister's intention is in regard to some form of control. Certainly this is what was behind the thinking of the Royal Commission.

I think there was some wisdom in this regard on the part of the Government in not agreeing with the wide ambit or sweep of these general recommendations that all deposit receiving institutions be brought under the mantle of the Bank Act, in so far as at least part of their operations is concerned. This would bring in such operations as the Provincial Treasury Branches of the Province of Alberta and, I presume, some savings associations in the Province of Ontario as

well as, unless specifically exempted, the caisses populaire or credit unions. These caisses populaires are already governed by legislation as a group, not by the Parliament of Canada but by the province. By and large their operations are under reasonable supervision. In any event, the scope of their operation is not in that highly speculative field where they are brought into an area of danger.

In so far as the Alberta Provincial Treasury Branches are concerned, certainly those of us who do not share the political views of the present administration in Alberta would like to see a great deal more light shed on their operations. The Provincial Treasurer merely brings in a record of the year's operations, showing either a loss or a profit. We do know that in the background there have been some rather odd things that have happened. There is no power to bring any of the officers of the system before a committee of the legislature. There is no committee examination, and there has not been any committee examination of the operations of the Provincial Treasury Branches. I think there should be.

In so far as the Minister's proposal for keeping out foreign ownership from our banks is concerned, it will be interesting to see just what has been written into the bill. I have had a number of things to say in the past about the so-called Canadianization of companies, and also some of the restrictions that were placed on the ownership of life insurance companies in Canada as well as some of our trust and loan companies. It will be interesting to see just how the Minister proposes to define domestic ownership of a bank. Is it going to be based on citizenship? Is it going to be based on residence? If it is merely on residence, then I do not believe that is workable, because one could drive a coach and four or, if you want to update it, a tandem truck through the principle of residency in so far as the Canadianization of companies is concerned. Subject to the provisions of the bill, I would have thought one could leave the question of domicile or residence of a shareholder alone. One could simply say that the shares held by foreign residents or foreign citizens or organizations would not be votable. This is the essence of control, the voting right of shares.

• (5:10 p.m.)

I do not believe we should discourage investment in the shares of Canadian chartered banks. After all, they are a very valuable asset in any investment portfolio. I believe it is wrong to say that you are not going to be able to invest in them. If we wish to maintain control of our chartered banks, and I think we should, then why not impose a disability so far as voting shares are concerned or make provision for the creation of a class of non-voting class of shares? After all, this exists among certain types of corporations, and I think one would get into less trouble. At least it is a very arguable point.

One less acceptable feature of the statement made by the Minister appears to be the intention to bypass Parliament with respect to the chartering of new banks, making it possible to charter, create or inaugurate banks via letters patent, with some sort of formula of voidability. I do not know whether this would be by way of private bill, or petition to Parliament, to invalidate the issue of letters patent issued by the Registrar of Companies. When the whole thing is brought in it will be interesting to see just what is the formula. I am not too sure that this will be so successful. As a matter of fact, I think this is really a very pragmatic approach to a certain problem that exists today, and is an attempt to get away from what had been a problem with regard to three applications.

Well, Mr. Chairman, one of the applications did have something radically wrong. I do not think that a provincial government should have the right to invest directly in the voting shares of a chartered bank; and notwithstanding all the things said by the hon. Member for Lapointe with regard to the desirability of provincial governments, or the people through governments, participating in the profits of a chartered bank, I think we could spend hours showing how the wrong type of influence could be brought to bear with regard to direction and investment.

As a matter of fact, I could take the hon. Member for Mégantic aside and suggest some ways in which ties with near banks and the use of influence between them and chartered banks created certain abuses. But I do not feel that there should be an absolute bar on ownership of bank stock by certain emanations of the provinces, where they are using them as investment funds, and in this connection I suggest funds such as a state university might have in trust for scholarships, or workmen's compensation funds, and others. There should not be a disability where these are used for bona fide investment purposes.

As a further safeguard against any undue influence there could be a provision that

shares should not have voting rights when held by a province. But surely to goodness if the emanation of a province, a crown company, crown organization, or public body set up by a provincial legislature has funds to invest, it has the right to include in its portfolio valuable bank stocks which give a good return. Why disable them to that extent? I do not think such an ownership would give rise to the danger of a question of control by a provincial government, but certainly I do not think any provincial government should be allowed to enter directly into the ownership of bank stocks where, by reason of its position, it might be able to elect directors and to influence the placing of accounts in a certain bank.

There are all sorts of abuses that could arise. I think the hon. Member for Mégantic had some experience of chartered banks at one time, and I think he knows what I am talking about when I say you can play around with the placing of accounts. Certainly he is well aware—

Mr. Langlois: On a question of privilege, Mr. Chairman, I hope the hon. Member for Edmonton West is not insinuating I played around with accounts? If he is I would like him to clarify that statement.

Mr. Lambert: The hon. Member misses the point. I am certainly not suggesting anything like that. I am perhaps attributing to him too much knowledge in regard to banking operations. He would be aware, if he knew the job of banking—and I do not know whether he does—where abuses could creep in, and through his experience surely he has become aware of how things could be influenced.

Mr. Langlois: I have known people playing around, but not to get away with it.

The Chairman: The hon. Member's time has expired.

Mr. Lambert: Thank you, Mr. Chairman. I hope we will see the passage of this resolution tonight.

Mr. Howard: Mr. Chairman, I thought the rule guaranteed that the resolution would pass tonight, and that regardless of what occurs at ten o'clock the resolution will be carried.

If I may say, with respect, I thought the Minister was rather vague in explaining what the bill will contain and if, by paraphrasing, I may recall what he said, he stated he would talk on the resolution stage about the general principles contained in the bill, and then on second reading he would deal in more detail with some of the principles and ideas outlined in it. This approach, of course, makes it somewhat difficult for other speakers to do anything else but the same sort of thing, that is, to talk in the same general terms as the Minister and make comments equally general in nature until we see the contents of the bill itself.

My position with regard to the investment by provincial governments in chartered banks—and I am sure this is no surprise—differs from that of the Minister and the Government, and I presume also, of the Official Opposition. We think it is the correct course to follow, to permit a provincial government to invest money in the share capital of banks chartered under the Bank Act. If there is some concern on the part of the Government that a provincial government may, by large investment in the share ownership of a bank, thereby become the controlling factor in that bank, then perhaps there might be a case made for limiting in a percentage way the amount of investment which a provincial government may have in any one chartered bank.

This concern about what originally was a theoretical concept concerning provincial governments engaging in the banking field arose by reason of the petition last year by the promoters of the Bank of British Columbia, and the statements by Premier Bennett of B.C. that his government endorsed the idea and would invest money in the Bank of British Columbia.

• (5:20 p.m.)

Then, in an effort to convince the Senate that the B.C. government was not interested in control of the bank, the B.C. government, on the insistence or upon the objection of the Senate Banking Committee, gradually changed its position by reducing the amount which it said it desired to invest in that bank. If memory serves me correctly the final proposal made in the Senate committee last year was that this limit should be 10 per cent. This is presumably a reasonably small percentage of the share capital of a bank, and this may be the extent to which the Parliament of Canada would allow investment by provincial governments in shares of chartered banks. To prohibit such investment completely would, I suggest, be most unfair to those provinces, especially in the West, who have for years been at the mercy of banking interests controlled in Eastern Can-

ada. It would be an interference with their legitimate desire to do something worth while and constructive with provincial funds. It would be a direct interference with the constitutional right of a province to do as it sees fit with its own money.

I foresee a running battle lasting three or four years between the Province of British Columbia and the Government of Canada on this question, because as I understand it the provincial Legislature has already passed an Act permitting it to do the things which the Minister of Finance tells us that through these amendments to the Bank Act he will not allow them to do. I wish Premier Bennett well in his ventures in this direction because the financial welfare of British Columbia is at stake, as well as the political integrity of that province and its rights under the constitution. I foresee Premier Bennett testing this case in the courts to determine whether or not Parliament has the right to prevent a provincial government investing its funds in this way. I contend that if a province wishes to invest in private chartered banks it should be permitted to do so without interference from the Federal Government.

When it comes to the international control of banks in Canada the New Democratic Party has made its position clear on a number of occasions. It has done this not only with respect to banks but with respect to other sectors of the economy. We believe we should be taking steps, first, to prevent further encroachment by interests in the United States and other foreign countries upon the control of industry in Canada, and, in the second place, to regain control ourselves of the industries which have been lost. In this regard I will do no more than express the hope that the announcement made by the Minister regarding this concept of international control will really mean something worth while and that it will be borne out by the legislation itself.

A few days ago we had occasion here to deal with a petition for a bank, the Laurentide Bank Bill. The words I had to say at that time were to the effect that I wished the Bank Act, when amended, would contain a provision to prevent Parliament having to deal with individual petitions for the incorporation of private banks. I suggested that this would be done better by following the procedure used when other companies are incorporated. I am pleased to note that the Minister has agreed to this proposal with such alacrity and has finally placed it in the bill he is about to bring forward.

I will say one thing more. If the House of Commons is to have the right to nullify the incorporation of a bank after it has been incorporated by letters patent—I believe that is the expression—then I submit that the arrangements for nullity must be based on the principle that all Members in the House are equal. Any Member of the House of Commons or of the Senate, for that matter, if this is to be a legislative process, should have the right to introduce a bill to nullify the incorporation of a bank and provision should be made to guarantee that the issue will come to a vote. We are all familiar with the process which goes on now. Because the Government has control of the Order Paper and is able to bring Government Bills forward at any time it chooses, the Government can ensure that its legislation reaches the point where a vote is taken. Either that, or the Government decides to withdraw it after objection is made, or determines not to proceed further with it as has been the case on a number of occasions. A bill introduced by a private Member does not fall into this category: a Member who sponsors one immediately loses control of it. None of the public bills now appearing in the names of private Members will, presumably, be voted upon. No conclusion will be reached upon them unless the Government is gracious enough to so permit. We are only allowed one hour a week to deal with these items and they will never be allowed to come to a vote unless the Government decides that this is desirable. They will be talked out.

If Parliament is to have the final say as to whether or not a bank should be incorporated by letters patent, then any Member of the House should have the opportunity, within a time limit—and I think it should be a reasonably long time limit; a year, for example, not a matter of days—to introduce whatever mechanism is available, whether a resolution or a bill, and it should be guaranteed that such a measure would come to a vote. It should be the responsibility of the Member who introduces such a motion to make a case for nullifying the incorporation of a bank and to present all the relevant arguments in support of his contention. If he succeeds in convincing the House, a vote should be taken and that should be the end of it. Similarly, if he does not carry the rest of the House with him, the matter should end there. But it should not be allowed to fall by the wayside just because the Government intends to operate the rules as it pleases.

That is all I intend to say now. We look forward with interest to the details of the bill itself and we hope that some of the points we have raised will be contained in the measure in the form in which we have raised them. If not, we shall proceed to deal with it point by point and word by word if necessary to ensure that the Bank Act operates so as to enhance the financial position of Canadians and enable them, first, to control their own financial resources and, second, to permit them whether directly or through a province to exercise a degree of control by way of investment.

• (5:30 p.m.)

[*Translation*]

Mr. Latulippe: Mr. Chairman, at this stage of the business of the house I would feel very remiss if I did not say a few words on this resolution respecting chartered banks.

Certainly there would be many things to say on chartered banks, because they are great institutions; they are institutions which do some good in society, but they are also harmful, and therefore they are in need of reforms, and those reforms we must discuss, we must show them up in order to find solutions which will meet the needs of a greater number of people and will provide more efficient service to them. Certainly, they are service institutions, but also exploitation institutions.

The resolution before us has already been discussed several times and will be discussed again often in the future. Here is a group of men who want to use the privileges granted by the Bank Act in order to do a lending business under a charter which gives them certain privileges.

But we are convinced that the privileges granted those private institutions have become disastrous for the people, because those institutions offer credit only by creating debts; they take under consideration neither public nor private capital. They are far from taking into consideration the production achieved by Canadians when they issue their debt credit, they "manufacture" credit according to their legal tender deposits, which they multiply 8 or 10 times, as many times as the deposits or legal money are redeposited. The most interesting thing for those institutions is that with a bank charter, they can "manufacture" their credit on request, have it passed through the subsidiary of their finance, do unlimited exploitation and practice further the old usury criticized by many citizens who ask that we bring some order in our financial house.

[Mr. Howard.]

Mr. Chairman, the D.B.S. announced on September 8 that the debt of Canadian consumers reached, at the end of June 1964, $5 billion and some odd hundred million and that the debt of businessmen in 1964 reached $8 billion and a few hundred million; so it is a borrowing debt of $14 billion, a new debt for individuals. This proves that Canadians live or merely exist on borrowed money or credit, if you prefer.

I know that the Minister of Finance is right when he states that Canada is enjoying an unprecedented prosperity, but I would say that only a handful of financiers, are enjoying that prosperity, while those who must borrow to make both ends meet, who have to repay more than they obtained, are deprived to the extent that they have to live largely on public charity.

Mr. Chairman, when those figures were annunced, it was explained in the newspapers that the increase in the debt of private individuals resulted from too many consumer credit facilities.

That might be, but this indebtedness proves three things: Canadian consumers have needs; there are goods to meet those needs; there is not enough money to meet those needs.

If Canadians must borrow money without the permission of those who control credit and money, the needs can be met, but if they refuse, consumers must starve. Therefore, the dilemma is either to starve or to go into debt. That is where the present system has led us.

Mr. Chairman, part of those debts is actually owed to finance companies, but the loans granted by finance companies or the sales on credit allowed by business concerns are mostly financed by bank loans made to those finance companies. The billions of dollars owed by Canadians are therefore owed to bankers, those who control and create credit in this country.

To those billions owed by Canadian consumers, one must add the billions owed by the federal government, the billions owed by the provinces, the billions owed by the municipalities, the billions owed by the school boards and the billions owed by those who have mortgaged their homes. According to statistics, the total debt owed by Canadians is $85,000 million. That amount bears interest and is the equivalent of more than $4,000 per capita or $20,000 for an average family of five.

It is the financiers of those institutions, the masters of credit, who thus dominate our governments, who threaten them with a big stick and who appoint their own men, like Kierans, for instance, to key positions. Financiers control the provinces, the municipalities, the towns, the school boards, the universities and every institution.

Those same financiers hold a power of life and death over all institutions; they control everything in Canada.

Those are the real masters, and not the people who are working, who are building up this country, who are manufacturing the products, the goods that are needed. The workers, the builders, the producers are the "have nots", they are controlled, and in debt. The "haves", those who hold a controlling hand, who force people to go into debt are those who are controlling credit, manufacturing credit so as to produce debts. It is an institution of that kind that this resolution has in mind. We need not go to Russia, Mr. Chairman, to see a dictatorship, we have one here in Canada, in this so-called democratic country. It is the financiers' dictatorship that controls all human activities. The dictatorship that has a power of life and death over each one of us is the financial dictatorship, the one which flourishes in a democracy.

• (5:40 p.m.)

There are some who find that normal, who consider that such a system is sound and perfectly normal.

I say that those who think so are like people who stick their nose in manure and do not smell anything or even think it smells good. The fruits of the financial system are rotten, and yet it is proclaimed that the tree which bears such fruits should be preserved and protected by legislation.

The Creditistes have realized that it is the financial system, this debt building system that has got to be changed if we are to get rid of our collective and individual debts. That is why they suggest that financial credit should reflect real credit and the products which do or could exist, considering the productive capacity and the needs to be met.

Mr. Chairman, the resolution does not meet the requirements or the needs of the nation; what Canadians want and demand from their institutions is social service.

It is between the borrower and the lending banker that the use of the required money is discussed; that is where the verdict on proposed production is reached and where orders to speed up or slow down production originate. The banker's books are the only thing that counts, the needs of the consumers do not count in the least.

Mr. Chairman, why must the sovereign Canadian government, which has sole jurisdiction over money in this country, borrow at interest from chartered banks, and then levy taxes on the people to pay this interest?

Chartered banks are creatures of the Canadian parliament; they literally owe their existence to parliament and every ten years they have to apply to parliament for renewal of their charter without which they would cease to exist. All their rights and privileges have been obtained from parliament, even the exclusive right of creating and issuing money. Furthermore, when the government, a sovereign body representing the whole nation, needs money over and above taxes collected or savings borrowed from the people, it has to stoop before its own creatures, the chartered banks, and beg them for a loan or credit which it has the exclusive right to issue.

Can you imagine that? Did you ever hear of such nonsense? Yet, we recall that to finance the war, chartered banks made money readily available, but in peacetime if you want money for food, clothing and shelter, you cannot find any, unless the government guarantees the loans made to provinces or municipalities through such agencies as the Central Mortgage and Housing Corporation and the Industrial Development Bank.

Therefore, Mr. Chairman, why should all the money put into circulation in the country take the form of a debt bearing interest, when it is a recognized fact that the government is empowered to use other means to ensure that there is always enough money in circulation in the country to meet the needs?

Mr. Chairman, under the 1954 amendments to the Bank Act, the Bank of Canada can require the chartered banks to increase or decrease their cash reserve which at the present time represents from 8 to 12 per cent of all their liabilities.

The Bank Act and the Bank of Canada Act should both be amended in order to make it unlawful for chartered banks to use the credit advanced by the Bank of Canada to the Canadian government as a cash reserve to issue new credit. The same objective could also be achieved by requiring the chartered banks to progressively increase their cash reserve, even up to 100 per cent of the amount of their deposits if necessary.

At the same time, the Bank of Canada should be authorized to advance chartered

banks all the cash reserves they might need to continue issuing bank credit by granting as many loans as required to promote the progressive development of the national economy. The object of such proposals is twofold. The first, and it is the most important, is to see to it that business and industry continue to receive from chartered banks all the money required to maintain Canadian production at full capacity. It is only through the full and progressive use of our material and human resources that we shall be able to ensure the continuous prosperity of the nation, and the highest possible standards of living for its people.

Such standards, Mr. Chairman, will preclude the chartered banks from issuing an unlimited amount of money. Moreover, the money put into circulation by the government would provide the country with a purchasing power which would not represent a debt toward the chartered banks but would nevertheless be available for trade and industry and assist them in paying part of their borrowings from the chartered banks and in keeping their business in operation.

Mr. Chairman, under the circumstances the greatest mystery of all is to see a sovereign government, our own Canadian government, which has sole and exclusive authority for regulating, controlling and issuing money in the country, transferring such a sovereign prerogative to private institutions which operate for their own advantage, and thereafter requesting from them the money it needs for the general welfare of the country. This goes beyond the bounds of comprehension. We hold that before borrowing from private banking institutions or outside the country, the government should first of all use the Bank of Canada to obtain the money it requires from time to time, in addition to its revenues from taxation, to help finance, especially in the field of public enterprise, the development of Canada. In fact, why should Canada borrow from chartered banks and then tax the people in order to pay interest, whereas it can get the same funds, interest free, from the Bank of Canada, a public institution which was established by the government to regulate and control the issuing of money and credit in Canada.

Mr. Chairman, today the federal debt has become so oppressive that we must think seriously about the establishment, through our modern banking system and our treasury institutions, of an interest-free debt. If the government would borrow only from its own central bank without interest, there would be no interest charges at all. The capital would be paid off and the principle under which too much money should not be injected into the system would be safeguarded.

None the less, our debt must be paid. The amount of interest must be reduced. There is not a single member representing Canadians who has asked that interest rates be lowered; they are too high and they are a means of exploiting the public on a large scale.

Mr. Chairman, this will only be done by gradually replacing our interest-bearing debt by money at cost provided by the Bank of Canada.

Immense services were rendered by many important institutions in this country. But today, with our colossal debt and its constant increase, the government or the governed must take some measures in order to overhaul the banking system, to check the control on money issue and credit under which many Canadians are exploited.

Some reforms must be brought about, and in my opinion too few people advocate such reforms. I do not know how those who do not accept those reforms and can accept that such an anarchical system—

The Chairman: I regret having to interrupt the hon. member but his time has expired.

Is the resolution adopted?

• (5:50 p.m.)

[*Text*]

Mr. Munro: Mr. Chairman, on a question of privilege, I think it should be noted that during the debate in this chamber on an important subject such as this not one Member of the New Democratic Party is present in his seat.

Mr. Winkler: It is interesting to see that you are back.

Mr. Peters: Mr. Chairman, on the question of privilege I should like to remind you that the statement made by the hon. Member is incorrect. As usual the hon. Member is misinformed.

The Chairman: Order, please.

Mr. Winkler: You should have said you were happy to see him back.

The Chairman: Order, please.

Mr. Peters: But I am not happy to see him back.

Mr. Thompson: Mr. Chairman, we found the statement of the Minister of Finance in relation to the revision to the Bank Act of

great interest, and we now await with greater interest the bill to follow, which the Minister has suggested will be a complicated one. Until we are able to study the detail of the new legislation as it will appear in such a bill, it is difficult to speak at any great length on this resolution, except to outline certain basic fundamentals which relate to banking, and to refer to several points the Minister has made.

In Canada banking is big business. In a nation as large as Canada big business is necessary, and I am not opposed to the fact that some of our nation's businesses fall within that category. However, I am concerned with and opposed to big business when it does not serve the best interests of all Canadians, or when it uses the force of its size and privileges solely for its personal interests, instead of for the general welfare of Canada. Therefore it is of great importance to consider seriously any legislation which relates to the banking system of Canada.

The bill that will be introduced in this chamber following our debate on this resolution is one of great importance. It is perhaps the most important piece of legislation we will have to deal with during this entire session. It has been noted with much interest that reference has been made to the recommendations of the Royal Commission on Banking and Finance. The members of that Commission deserve our commendation and gratitude for a very important job, done rather efficiently and effectively, in that they have reported concisely and without too much detail the situation as they found it. It is also interesting to note that the cost of that Royal Commission was comparatively less than the cost of other royal commissions which have been appointed in recent years. The Royal Commission on Banking and Finance certainly used discretion and caution in the expenditure of public funds.

I should like to make a few comments regarding one or two of the points made by the Minister. He acknowledged a recommendation of the Commission to the effect that coverage of the Bank Act should be broadened so as to include institutions other than chartered banks which accept deposits. This seems to mean that institutions not covered by the Bank Act will not be able to engage in the business of banking. This is a sound principle.

Obviously the fact that many near banks have developed in recent years is proof enough that the Bank Act as it now functions does not adequately cover commercial operations requiring banking service, or operations closely related to banking business. The Bank Act should be broadened to cover these institutions, but it must be remembered that the fact that these institutions have developed is also proof that the Bank Act and our banking institutions operating under that Act have not been adequate to meet the over-all needs of the economy. If that were not so, I do not think many of these banking institutions, or near banks, would have developed as they have.

However, Mr. Chairman, there is a word of caution to be said in this regard. The Minister has a very great responsibility in the expansion of the Bank Act regulations, to include and cover some of the near banking operations, to see that they are not so restrictive as to prevent these institutions from carrying on a very important job. I think it is obvious that we require more competition in the banking field, and any expansion of the Bank Act which would permit more competition is a good expansion. The Minister must exercise caution in this regard so as not to defeat the very purpose which I think is intended by the decennial revision of the Bank Act, with which we are now dealing.

Any change in the Bank Act should not be such as to interfere with operations like the Treasury Branches in Alberta, or credit unions in Canada. There is a very genuine service rendered by these institutions. However, these services should logically be covered in some measure by the Bank Act, but not to the point where these institutions and the services they provide are restricted.

The Minister also has a great responsibility in relation to the powers of the Federal Government over the entire banking picture in Canada. I agree that banking policy, and general policy in relation to money and the money supply within our economy, must in some way come under a central authority. At the same time it is important that this policy be not misused, or abused, to the point where it interferes with provincial or local governments carrying on a legitimate business, a right which is theirs under the autonomy ascribed to them by the British North America Act.

Mr. Chairman, I note that it is six o'clock.

At six o'clock the Committee took recess.

Bank Act

AFTER RECESS

The Committee resumed at 8 p.m.

Mr. Thompson: Mr. Chairman, without going into all the details of the remarks made this afternoon by the Minister of Finance, I would say that there are a number of other points which he brought up which I believe are commendable, and it is a good thing they are being included in the revision of the Bank Act. It is in accordance with the recommendations of the Royal Commission on Banking that banks be allowed to make conventional mortgage loans. I note also the Minister has stated that the banks will receive the same rate of interest for those loans as is presently charged on national housing mortgages.

I note, too, that the Minister intends to retain the 6 per cent ceiling on interest rates. I think this is a sound suggestion. As a matter of fact, I believe that as more competition comes into the banking business we can well expect that interest rates will come down even below this. It is probably good for an expanding economy such as we have, particularly at the moment, that the cash reserves of the chartered banks be lowered from the required 8 per cent to 7 per cent. I note with some interest the Minister's reference to the ratio of cash reserves to the different categories of deposits. We will have some remarks to make with regard to this provision later.

It is interesting also to note that the Government intends to permit the incorporation of new banks through letters patent, with the House of Commons having the right to annul such letters patent within a stated period of time. This seems to be a reasonable approach. So long as there are the requirements which any proposed bank must meet before it is permitted to be incorporated, then it should not be necessary to have that incorporation through Act of Parliament. However, there is a real danger here. There is a lesson to be noted from the present situation of banking in the United States, a warning on one hand but an indication of a freer policy in regard to banks on the other. During the last ten years in the United States there have been 614 new national banks come into being. In addition to that, there have been nearly twice as many state banks come into being. It has to be admitted that there have been a number of bank failures, although in comparison to the number of new bank charters the number of failures is small.

[Mr. Thompson.]

I mention this to the House not only with regard to the fact that there will be this new policy for incorporation of new banks but also to suggest to the Minister, when he states so emphatically that banks must be kept definitely under the direct control of the Federal Government, that in the United States there are two types of banks. As long as they are both part of the federal reserve system, they apparently operate quite effectively. There are those incorporated under national charters and those incorporated under state charters. While agreeing in principle with the statement the Minister has made, certainly he should not become so rigid as to prevent certain types of near banks or provincial governments from carrying on a legitimate phase of banking, provided they come within the over-all framework.

There are just one or two more comments I should like to make very briefly as they relate to banking. When we are considering the revision of the Bank Act, we ought to be aware of the actual purpose and function of a bank. I went to a dictionary to find out just what was the definition of a bank. I did this because, as I went back to the Statutes of Canada, particularly to those referring to banking, I found that there were various descriptions, but I found it very difficult to get a definition of a bank. Webster's Dictionary, second edition, says that a bank is an establishment for the custody, loan, exchange or issue of money; for the extension of credit. According to the Statutes of Canada, volume I of the 1953-54 edition, chapter 48, which is the Act respecting banks and banking, section 2(c) defines a bank as a bank to which this Act applies. This is the sum total of the definition.

In the same volume, chapter 47, I found an Act respecting savings banks in the Province of Quebec. In section 2(a) I found that a bank is here defined as a bank to which this Act applies. This all seems rather confusing. If we were to go to the Statutes of Canada to determine just what the terms of reference of a bank are, or the responsibilities of a bank, I do not think we could find an answer. It is interesting to note that according to section 2(c) a bank cannot lend or invest money or make advances.

In reading a book from Britain entitled "The Theory and Practice of Banking" by one Mr. H. D. McLeod, I found a definition which stated this:

> The essential and distinctive feature of a "bank" and a "banker" is to create and issue credit payable on demand, and this credit is intended to be

put into circulation and serve all the purposes of money. A bank, therefore, is not an office for borrowing and lending money, but a manufactory of credit.

Then I came across a statement by a former Chancellor of the Exchequer, Right Hon. Reginald McKenna, Chairman of the Midland Bank of London—the largest bank in the world—who said:

I am afraid the ordinary citizen will not like to be told that the banks can and do create and destroy money. The amount of money in existence varies only with the action of the banks in increasing and decreasing the bank deposits and bank purchases. Every loan, overdraft, or bank purchase creates a deposit, and every repayment of a loan, overdraft or bank sale destroys a deposit.

Then, Robert H. Hemphill, who is likewise a noted banking and financial authority, this time from the United States, also has something to say about this subject.

• (8:10 p.m.)

Writing in the foreword of a book on money by Irving Fisher he stated:

If all bank loans were paid, no one would have a bank deposit and there would not be a dollar of currency or coin in circulation. This is a staggering thought. We are completely dependant on commercial banks. Someone has to borrow every dollar we have in circulation, cash or credit. If the banks create ample synthetic money, we are prosperous; if not, we starve! We are absolutely without a permanent money system. When one gets a complete grasp of the picture, the tragic absurdity of our hopeless position is almost incredible—but there it is. It—

—said Mr. Hemphill—

—is the most important subject intelligent persons can investigate and reflect upon. It is so important that our present civilization may collapse unless it is widely understood and the defects remedied very soon.

So, Mr. Chairman, according to these quotations we find that banking is a very vital and important part of our economy, and as we discuss the revisions to the Bank Act for the period ahead of us, it certainly behooves us to be very careful that we make sure of what we are doing.

In Canada our money supply is made up of Canadian currency plus bank deposits. Approximately 20 per cent of this, I believe, is created by the Bank of Canada, and the remainder by the chartered banks. That is why I appreciate the fact that the Minister at this time is simultaneously bringing in a bill which is intended to deal with the Bank of Canada itself.

It should be noted that it costs our banks very little to create our money supply. Most of it is nothing more than figures in a book, as is taught in many Canadian schools. A certain textbook defines it as being created out of thin air. The strange thing is that our money supply constitutes an interest bearing debt against the Canadian people. Canadians are paying hundreds of millions of dollars yearly in interest on borrowed money because of certain imperfections in our present Bank Act.

I would say that the two basic imperfections in our Canadian money and banking system are as follows. One concerns the manner in which our money supply comes into existence, the other the lack of a definite relationship, between the amount of money in circulation and the value of the production of goods and services within the country. When these two imperfections are taken out, our banking system will function much more effectively than at the present time, albeit I believe we have one of the finest banking systems anywhere in the world.

We in Social Credit do not for a moment suggest that the banking system as it presently functions should be destroyed; rather, it should be preserved and those things which can be regarded as imperfections should be corrected in order that money can function according to its intended purpose, acting as the medium of exchange so that the production of goods and services within the country can be distributed to the consumer for whom they are intended.

I was a little bit disturbed by the terminology used this afternoon by the Minister as he related the ratio of reserves to bank deposits. Actually banks do not lend their deposits. What they lend is bank credit, and this money appears as a deposit in the borrower's account without lowering any other deposits and without increasing the supply of money when a loan is made.

I was interested to note that Mr. Graham Towers, when he was Governor of the Bank of Canada, stated very clearly 11 years ago, when revisions to the Bank Act were being considered at that time, and when replying to a question as to whether or not banks lend their deposits:

The banks cannot, of course, loan the money of their depositors. Now what the depositors do with these savings is something quite beyond the control of the banks.

That can be found on page 455 in the 1939 Banking and Commerce Report, which he was quoting at the time. Therefore, Mr. Chairman, I would say that our banking set up is something that we owe it to ourselves—certainly we owe it—

The Chairman: Order. I regret to interrupt the hon. Member but his time has expired unless he has the unanimous agreement of the Committee to continue.

Mr. Thompson: I wish to finish my sentence, Mr. Chairman. We owe it to ourselves and to the nation to come to grips with the real issue that is involved in our whole banking set-up. As we consider the revisions to the Bank Act, this lengthy and complicated Bank Act as the Minister himself has described it, we must concern ourselves with how we can make our banking system work more effectively, with greater competition, because certainly it is one of the greatest enterprises we have within our economy, and which I believe, must continue to operate, as far as possible on a private enterprise basis.

• (8:20 p.m.)

[*Translation*]

Mr. Perron: Mr. Chairman, my remarks at this stage will be very brief and consist only in a few statements of principle. I will also try to replace in its context the conception that the members of my group have on the definition of banks.

During his remarks this afternoon, the Minister of Finance (Mr. Gordon) described banks as institutions authorized to accept deposits and carry out transfers of those deposits. If this is the only definition that can be given of banks doing business in Canada, within our present banking system, I believe this is restricting and over-simplifying the question. Other banking authorities have given a quite different definition of the more important role fulfilled by banks within the Canadian banking system.

At this time, I would like to quote a few extracts from the report of the "Conseil d'expansion économique incorporé de Québec" which, in a pamphlet entitled "Our Chartered Banks" outlined the operation of our banking system and the creation of credit.

First, a definition of money is given.

> The public are often under the impression that money is essentially a bank-note while actually, judging by the way Canadians make their payments, monetary operations are largely made by means of cheques or internal accounting operations at the banks (transfers of funds from one customer's account to that of another customer).
>
> Money as an instrument of payment or means of exchange may take various forms: coins, paper money, cheques, etc. On the other hand, money is used in many ways in the national economy.
>
> What is money used for?
>
> (a) As an instrument of payment, money is accepted by everybody by virtue of its legal value as an instrument to pay debts;
>
> (b) As a value standard, it allows each and everyone to deal with people in terms of prices without any difficulty;
>
> (c) As a savings instrument, it ensures future purchasing power for a relatively long period.

Further on in this book there is a very important statement by a person who knew all about the banking system of this country. In 1939, before the parliamentary committee on banking and commerce, the president of the Bank of Canada, Mr. Graham Towers, answered certain questions in this way:

He was asked:

> Is it true that banks create a medium of exchange?

He answered:

> That is correct. That is their function...it is their business just like a steel mill produces steel.

That can be seen at page 287 of the 1939 report of the committee on banking and commerce.

He went on:

> Their manufacturing operation consists in making the necessary entries on a card or in a ledger with a machine or a pen.

That can be found at pages 76 and 238 of the same report. Further:

> In general terms, any new money comes from a bank in the form of a loan.

This is found on page 561 of the report. Those were answers by Mr. Graham Towers, the then governor of the Bank of Canada.

To another question he gave the following answer, that the Minister of Finance should certainly heed:

> Will you tell me why a government that has the power to create money should relinquish that power in the hands of a private monopoly from which it borrows what parliament can create, and borrows with an accumulation of interest which could lead to national bankruptcy?

Mr. Towers answered:

> ...we realize of course that the amount thus paid covers the operating cost of the banks plus the interest paid to depositors. However, if parliament should so desire, it certainly could change the way the banking system operates.

I was referring to page 394 of the report of the committee on banking and commerce.

As seen on page 12 of the publication of the economic council, those people highly trained in banking asked this question:

> But is this how banks create money?

Answer:

> Obviously, it is a manner of speaking. By opening a credit, the banker has made available to his customer $10,000 of new money (in account: bank money).
>
> But if the bank can create money, how is it interested in receiving savings?

Here we revert to the principle of savings. They are merely cash reserves which, as my colleague from Lapointe (Mr. Grégoire) said this afternoon, make it possible, under the Bank Act, to multiply by 12, and even sometimes by 14½ if the cash reserve is lowered from 8 to 7 per cent. That is giving the chartered banks a greater possibility than the one they already have to create more money and get 6 per cent interest on loans extended through mere consent, and even more if the right of banks to lend on mortgages is extended.

This multiplication of credit is striking when one considers that it necessarily results in the piling up of debts.

This afternoon, the hon. member for Edmonton West (Mr. Lambert) was proud to mention that Canada has the best banking system in the world. Perhaps it would be wise for him to look at the situation of consumers and Canadian wage earners to whom chartered banks refuse loans which they need to get immediately the things they cannot pay for with the savings they would have accumulated one, two or five years before, if they had not been so heavily taxed, which compelled them to buy on the instalment plan.

I have here the report on general indebtedness of the Canadian people:

> At the end of April 1963, Canadian consumers owed $745 million to finance companies for consumer goods; $393 million for purchases of commercial goods; $580 million to small loan companies; $36 million for goods bought on the instalment plan; $366 million to departmental stores; $181 million to stores selling furniture and electrical appliances; $1,544 million to banks for personal loans.

Such was the situation of the little people, who buy the things they need in chain stores and small local stores and who must get loans from finance companies.

Just yesterday we received the report of the operations of small loans companies and money lenders for the year ended December 31, 1963. We noticed that the number of loans granted increased considerably, because those small companies opened new branches throughout the country. The increases are rather heavy for the few years covered by the report: from 1961 to 1963 the number of borrowers whose loans did not or practically not exceed 1,500 amounted to 1,169,699 out of a population of 20 million Canadians. If you take out the old people and children under 20, I assure you that you get quite a high percentage of heads of families who are obliged to seek help from those loan sharks.

In 1963 the number increased rather considerably since 1,380,000 people borrowed from these companies a total of $769,648,673. And these are not loans at 5, 6 or 7 per cent interest, but loans at 12, 18, 24 per cent and sometimes even more.

How many small businesses are denied loans by banking institutions, which, nevertheless, increase their assets at approximately the same ratio as the increase in public and private debts in Canada.

For the enlightment of those who, in a few years from now, will read *Hansard* and see how our wise administrators, the Minister of Finance and his supporters, could boast on May 6, 1965, that the Canadian banking system is the best in the world, I shall give an account of the federal financial situation for the year ended on March 31, 1961.

I have here a table showing the federal financial situation from 1868, that is, the first balance sheet after confederation, up to 1961. It is very interesting to note the increase of debts.

At the end of the year 1868 the net debt amounted to $75,757,135, whereas in 1961 it had reached $12,437,115,095.

Let us look at the per capita debt. This is something rather interesting, because we see that as this country develops, as it gets better in the field of productivity, as science progresses for the benefit of humanity, debts are increasing under the best banking system in the world.

• (8:30 p.m.)

A fine progression indeed. In 1868, the per capita debt was $21.58. It increased to $47.18 in 1911, to $773.59 in 1952, and, in 1961, it had reached $684.56. Quite a nice progression in the field of per capita debt. Under this system, the government, instead of using its sovereign authority on its own institutions, the Bank of Canada continues in 1965 its revision of the Bank Act, whereas such revision should have normally taken place in 1964, but we had to wait for the report of the Porter Commission to establish future data and future guidance.

Instead of using its authority, according to the resolution now under consideration, the government seemed to favour this system which they are fond of considering as the best banking system in the world. However, the power to impose interest, this scourge of contemporary society—an ever increasing power—belongs to a small clique, whose financial influence becomes stronger and who

controls the economic and social life of the nation; as well as the life of an ethnic group in the country, and even family life to such an extent that most of the time, the main victims of this exploitation are compelled to have their purses emptied even more rapidly in resorting again to finance companies, which are but the emanation and the end result of this banking system that has been praised.

We are coming now to the interest item, of which the Minister of Finance is proud. Here is the per capita progression. In 1868, the earnings per capita, that is the income, were $3.95, in 1911, $9.81 and in 1952, $284.17. The debts have increased at the same rate as the cost of living. Such is the system about which we hear so much praise.

Another point that I should like to bring to the attention of the house at this stage has always been the object of great praise also. This afternoon, I heard members on the government side applaud one of their own who spoke right after the hon. member for Lapointe. The speaker in question stated that it behove the federal government to reassert its authority in the field of banking.

Cheers went up from the Liberal benches but, a few minutes later, the same member mentioned that the exchange rate in New York had greater effect on our means of exchange than the Bank of Canada itself. It is sought to strengthen Canada's banking system through a revision of the bank act, while government circles already recognize that the rate of exchange in New York has greater influence over the control and stability of the Canadian dollar than the Bank of Canada.

Is that not making fools of the Canadian people? Speaking precisely of the reasserting of federal authority in the field of banking, the issue under consideration, the hon. member for Edmonton West mentioned the Quebec savings banks and advocated closer control over Alberta's treasury house and Quebec's caisses populaires, in accordance with this need for reaffirming the federal government's policy.

I am afraid that faced with this drive for decentralization under which economic regionalism is getting stronger, the provincial governments, conscious of their responsibilities under the Canadian constitution, will want to take themselves the necessary means to remedy a situation which has been lasting for too long, the control of the federal government to which we had to surrender our rights little by little. We are also conscious of the fact that Canada's banking system has impoverished families in years of plenty and that it works well only in periods of world slaughter or on the eve of an economic depression which might be worse than that we experienced from 1929 to 1939.

This devaluation or lowering to 7 instead of 8 per cent of the amount of the liquid reserve is nothing but a way to enable banks to keep until 1967, for private borrowers, this state of fictitious prosperity in which we have been living for some years, and then go back to the 1962 situation when, under pressure from our southern neighbors, we had to devaluate the Canadian dollar. It is only to maintain this situation until 1967 in order to continue this fictitious prosperity, and I say fictitious because I maintain that, with the present banking system in Canada, we cannot do anything but create debts, that is all.

This act, once passed, will allow banks to take over production means, to control the economic and political life of this country through this control of the banking system. We have made suggestions and many proposals; we have suggested that the government use the Bank of Canada and create a national credit office which would monetize part of the national credit to enable consumers to buy the production. Let us spend fewer billions for Sputniks and a little more for the Canadian consumers.

This office could even direct production toward consumption. It is this new credit, created through the national credit office that could correct this situation and should enable people to profit by the wealth to the extent of the production capacity made available by science and progress.

It is no use re-asserting the federal control in the banking field such as that of the Bank of Canada, if we prevent provincial institutions from obtaining controls allowing them to develop so that—

The Chairman: I regret I have to interrupt the hon. member, but his time has expired.

[*Text*]

Mr. Green: Mr. Chairman, I would like to take this opportunity to say a few words in respect of this resolution. I am particularly pleased to do so, not only because of the fact that I had the honour of being a member of the Banking and Commerce Committee during the last session, but particularly in respect of the work we have done to date on the Joint

Committee on Consumer Credit, of which I have the honour to be a joint chairman. I do not believe that Committee or any of the work of that Committee, or any of the aspects of credit as brought before that Committee, have been discussed before this House; and inasmuch as the question of banking is integrally involved in any question of consumer credit, I think it might not be inappropriate to discuss at this time on this resolution some of the things we have found before that Committee.

First of all I would point out those memorable and immortal words of Polonius in his precepts to his son, in Scene 3 of Act 1 of Hamlet. We all recall that Polonius said:

> Neither a borrower nor a lender be; For loans oft loses both itself and friend, And borrowing dulls the edge of husbandry.

If such be the case, Mr. Chairman, then I have no doubt that Canadians have very few friends left, and they are indeed a very dull crew; because the statistics indicate that the extent of borrowing, and of consumer borrowing in particular, in the last few years has increased to a very, very great degree. Singularly enough, in the year immediately following the Second World War the total of consumer borrowing in Canada was something like half a billion dollars. In 1963, the last year for which we have authentic statistics, that borrowing had increased to the extent of some $5 billion. I think those figures indicate something of the importance of this question of borrowing and of consumer credit, which is wound up in the question of the Bank Act, and to its importance to our economy.

• (8:40 p.m.)

I might point out that during this period, at any time when there has been a regression in the quantum of consumer borrowing there has been a concomitant relapse in the economy. Such industries as the retail trade and the car industry, in all its various areas from manufacturing to sales, would certainly suffer immeasurably if the quantum of credit and the extension of credit over the years did not continue to grow and expand. It has been notable before our Committee that the many briefs which we heard from many institutions and representatives of those institutions have been largely presented by the producers of consumer credit, by those who sell consumer credit, rather than by the consumers of the credit, the borrowers themselves. Accordingly it may be that I have obtained a somewhat slanted view of this entire subject, having heard more from the producers than from the consumers. However, I would point out that in this entire area there are very grave problems, essential problems, problems which I suggest may affect the life of each Canadian, his home and his family, a great deal more possibly than some of the loftier topics which we sometimes discuss in this House, such as external affairs and other matters, which are possibly of greater moment but of less immediate concern to the average Canadian homeowner.

I would point out, Mr. Chairman, that the consumer of credit is in the position of being continually sold the idea of credit and the need for credit, and the fact that he should borrow day after day and hour after hour. By means of the media of communications with all their effectiveness today he is told that he can borrow, that he can buy anything he wants just by walking in the door. He is told to take it now, pay later. That is the philosophy to which he is subjected almost continually during his waking hours.

I think this is demonstrated to some degree by the statistics covering consumer credit, which I should like to read into the record of the House at this time. These figures are broken down between the various types of institutions which provide what we call consumer credit. The largest of these is the chartered banks, of course, with which we are concerned at the present time in this resolution. However, the growth of other types of institutions which provide consumer credit is also indicated by these statistics. I merely point out the statistics themselves and the indicated growth between the years 1955 and 1963.

Instalment finance companies in 1955 provided some $599 million worth of credit to the Canadian consumer; and in 1963 this had grown to $873 million. Consumer loan companies providing instalment credit provided $215 million worth in 1955 and $808 million in 1963. Chartered banks provided $351 million in 1955 and $1,432 million in 1963. From that ratio, Mr. Chairman, we can see that the chartered banks have invaded this field of consumer credit to the extent that they have shown the largest increase of any of these institutions in that area supplying consumer credit during that period. I think it was the hon. Member for Medicine Hat who in his address charged the chartered banks with failing to accept the needs of the consumer, and in the early days that was quite patently true. But they certainly have demonstrated, since they have decided to enter the field,

that they have been very effective in garnering unto themselves a very good share of the market. To complete the statistics, credit unions and caisses populaires during this period grew from $151 million in 1955 to $640 million in 1963. The total growth during that period showed an increase in consumer credit of from $2,136 million in 1955 to $5,292 million in 1963.

I have placed these statistics on the record, Mr. Chairman, to indicate the very vast problem that exists and the very great growth in this area of consumer credit during that period, some very substantial proportion of which is taken up by the chartered banks in this country.

Also in connection with the evidence we have heard before the Consumer Credit Committee, the great need for legislation, not only specifically qua credit in respect to the consumer but for various other wider ambits of consumer legislation, has been demonstrated. This legislation is needed to protect the consumer as a consumer of credit as well as a consumer in other ways. I pointed out earlier that so few of the very able representations which we have heard emanated from the consumers themselves, and it is by the very nature of things that the producers, the sellers, are well organized and usually very capable financial institutions, whereas the consumer as such is an individual, to a very large degree unorganized, and to the same degree not able in a collective fashion to bring forth his views in any voluble or professional manner. Such organizations as the consumers organizations attempt to do this, but by and large, Mr. Chairman, I suggest that the consumer as such, in this corporate age in which we live, is very much left to the tender mercies of the well organized and well heeled collective bodies of our society. I suggest that his greatest and only protection is right here in this House in the consideration which the elected representatives must have for the consumer as such.

The grave difficulty in aiding the consumer in his problem as a consumer with respect of credit, as well as in other areas such as packaging and disclosure, and so on, is very plain under our constitution. The Minister quite properly pointed out in his statement to the House today the difficulty of embodying into the revisions to the Bank Act the lofty concepts of the Royal Commission regarding pervasive legislation which will cover banking in all its aspects. I think this same problem exists with regard to legislating on behalf of the consumer for consumer credit and other things.

I think the area of banking and interest is very clearly within the ambit of federal legislation, and I think the revisions to the Bank Act will no doubt bring forth measures which will be of some help to the consumer of credit. But this is only one aspect of the entire problem. We have noted in our work in the Consumer Credit Committee that many of the provinces are very much concerned with these problems facing the consumer at the present time, and it is our great hope that this is one area where this new approach to confederation which the Prime Minister has ably brought forth, this idea of co-operative federalism, can be used between federal and provincial agencies so that the consumer of credit and the consumer, as a consumer in so many other ways, may be protected. I think co-operative federalism, joint legislation, overlapping legislation covering the entire constitutional field, is the area of great hope in this regard.

• (8:50 p.m.)

I might also point out that one of the very grave problems in respect of consumer credit, as we have observed it, relates not only to usurious interest rates, to which earlier speakers have referred, to interest rates on short-term loans as high as 154 per cent, which is rather shocking. The only way these things can be prevented is, as I have said, by joint legislation.

The second grave problem in respect of consumer borrowing relates to the fact that most of the time it is the consumer who is paying these usurious rates who has very little protection, if any, by way of information regarding the rate of interest he must pay. There is no law, either provincial or federal, at this time which requires a disclosure of interest rates in simple annual terms so that a consumer of credit may know the rates he must pay, and may realize exactly what he is getting into.

I suggest with the greatest respect that it might be appropriate for the Federal Government in respect of the Bank Act to set an example for other lending institutions in this area, by amendments which would make it compulsory for chartered banks to show interest rates in terms of simple annual interest rates. I have in mind consumer loans in respect of which banks are now charging interest rates in excess of the 6 per cent rate provided for by the Bank Act, which is accomplished by monthly interest charges, costs of loans, and in other ways. People are

paying more than 6 per cent on loans from chartered banks, and I respectfully suggest that it would be a singular example to the other and sometimes more usurious institutions if the Bank Act were amended so that under the Bank Act interest rates on loans made by chartered banks would have to show the simple annual terms of the interest rates. I hope the Minister will consider this respectful submission.

I would certainly commend the Minister, as I know all hon. Members on this side of the House will, for the forthright, clear and unequivocal position he has taken in respect of the ownership of shares of chartered banks by provincial governments. In this regard I find the position taken by the New Democratic Party to be a rather anomalous one. The hon. Member for Burnaby-Richmond and the hon. Member for Nanaimo-Cowichan-The Islands have taken the position that it is quite in order, and that no harm is done, if provinces own, and even control, federally chartered banks. On the other side of the New Democratic Party coin we have Members such as the hon. Member for Greenwood, who talk about the formula for revising the constitution which will create havoc, with the need for strict central fiscal powers. They suggest that powers to control the flow of the economy, and for other necessary economic measures, should be centred at the federal level. There seems to me to be a rather striking contradiction between these views.

I should like to relate a grade school anecdote which seems to be apropos of this striking contradiction between the positions taken by various Members of the New Democratic Party. I realize that the majority of the Members of that Party started their education at the university or postgraduate level, and probably did not go to the humble grade school at all, as the rest of us did. I hope these intellectually elevated gentlemen will forgive me for drawing this very humble anecdote to their attention. I think it has some bearing on this contradiction between the views taken by the various Members of that Party, who seem to adopt whatever stand looks good politically, on whatever measure comes before this House. Consistency is the least of their worries.

The anecdote I wish to relate is about the birds and the animals, and a strange creature known as a bat, which is neither bird nor animal. This bat would fly with the birds one day and run with the animals the next day. It was having a ball, going whichever way happened to be good on a particular day. Suddenly the birds and the animals got wise to the bat and realized that the bat was not one of them. That was the end of the bat.

Let me suggest to hon. Members of the N.D.P. that the Canadian elector is a pretty wise old bird. One day he will get wise to the N.D.P. bat, and that may be the end of that Party. Let me also suggest to those gentlemen that they get together and decide whether they are in favour of a strong federal fiscal authority, or for the control of the federal banks, which have played such an important part in the control of our economy, and certainly in the flow of money, by provincial governments. The position of that Party is anomalous, contradictory and typical of very many of the stands it has taken on various issues. It seems to me they adopt whatever is popular today, whatever will catch a few votes in British Columbia, or somewhere else, without worrying about adopting a consistent philosophy until some later date.

Again I commend the Minister for the strong stand that he has taken in this matter, and I should like to—

The Chairman: Order, please. I am sorry, but I must remind the hon. Member that his time has expired.

Some hon. Members: Carry on.

Mr. Olson: May I direct a question to the hon. Member?

Some hon. Members: No.

The Chairman: The hon. Member's time has expired, and apparently the hon. Member for Medicine Hat does not have the unanimous agreement of the Committee to ask a question at this time.

• (9:00 p.m.)

[*Translation*]

Mr. Caouette: Mr. Chairman, the proposal of the Minister of Finance (Mr. Gordon)—

An hon. Member: The Bank of Canada.

Mr. Caouette: Yes, Mr. Chairman, following the hon. member's interjection, we are certainly going to speak about the Bank of Canada, and not only about chartered banks in Canada which are endeavouring, by all possible means, to crush the Canadian people even more and which, in addition, are trying to control the Canadian government. In fact, they succeed when the Minister of Finance

announces that the liquidity or bank reserve will be decreased from 8 to 7 per cent, which means that the banks will have the privilege, under this provision, to multiply 14½ times their reserves with the Bank of Canada.

Therefore, instead of improving the situation, the Minister of Finance is in the process of giving them greater and more devastating control, if you want, of our national economy. Then, the government will have to go and borrow from those private institutions. As I indicated the other day, during the budget speech, the government issues bonds that the chartered banks could buy and multiply 12½ times. Now they will have the privilege to multiply them 14½ times.

Why does the government not take the responsibility, through the Bank of Canada, to multiply the credit necessary for the development of the Canadian economy and the elaboration of a system which will allow every Canadian to live decently in a country such as ours?

Mr. Chairman, some cabinet members are undoubtedly interested in the passage of a proposal such as this. There probably are some bank directors among the ministers. There are some among the members of the house and among the senators. It goes without saying that the Canadian people will not be surprised to see what the Minister of Finance is now proposing, namely to give to some individuals complete power over distribution or control of the economic blood of the nation, that is credit and money.

Mr. Chairman, the management of chartered banks are afraid of Social Credit, but I do not think there is any ground for such a fear. Unlike the socialists who advocate nationalization of chartered banks, Social Credit does not want to nationalize them but only to require that they have 100 per cent reserves to guarantee their loans and that all new credit issued be created by the Bank of Canada and issued to the public through the construction of roads or public buildings, the financing of federal, provincial and municipal administrations, school boards, and others.

By using the credit issued by the Bank of Canada, people will make deposits in chartered banks, and that will enable them to keep on making loans, probably as much as they are now doing. But instead of lending a monetary creation, they will lend something that they have in hand, something that they own in their institutions. Then, they will be able to charge interest to their

[Mr. Caouette.]

borrowers. We are not the least opposed to that.

We do not object either to having the rate of interest, for those who must have bank credit, set through competition and offers of service.

Mr. Chairman, the Créditistes strongly object to reducing the liquidity from 8 to 7 per cent. Furthermore, we object to the chartered banks continuing to exploit the Canadian people. That is why we are right when we say that the Government should use the facilities of the Bank of Canada.

Today, in every western country, and particularly in the United States, renowned economists, sociologists and businessmen suggest that governments should immediately bring about changes in their financial system. Otherwise, the United States will head into a depression worse than the one it experienced from 1929 to 1939.

However, one may ask what will result from the application of such a system, a Social Credit system, instead of a social indebtedness system which the Minister of Finance would like us to approve through this measure?

The Créditistes know that the essential source of financial credit in Canada rests—and I insist upon the word "rests"—in the Canadian capacity to produce. That is the essential source of financial credit in Canada. Therefore, any new credit issued must derive from a central bank, namely the Bank of Canada.

Therefore when plans for public expenditures are brought down before the house, the members need not worry whether these plans are financially possible, whether the government has the money required and whether it is possible to milk further the hard-pressed taxpayers. The Minister of Finance need not worry unduly about that or rack his brain; he will be able to understand more easily that the economic objectives of a country are based on satisfying the needs of its citizens. Members will ask simply if the required expenses will meet real needs, if they are physically possible, if Canada has the required workers, brains and materials. In this connection I have no doubt that the Minister of Finance fully agrees with me that we have the workers. But, we also have some unemployed in the country, and even though the Minister is boasting about Canadian prosperity, we have people who are receiving welfare allowances nowadays. The Minister of Finance is telling us that this

country is prosperous while the Prime Minister and other members of the Government are telling us that there is poverty and destitution in Canada.

Workers, brains, materials required to provide the development of our national economy are available. Let us take, for instance, the decision regarding the building of another seaway at the cost of $500,000,000. Such a decision will be taken regardless of financial considerations. Since we have the necessary workers, brains and materials, the part to be played by finance should be to serve, not to make decisions.

Now when the Minister of Finance wants to do something for his country, Canada, he is obliged to kow-tow before the financiers and ask for their permission. It is rather unseemly for the Minister of Finance of a sovereign government which is master in its own country, to grovel before the financiers and beg their financial permission to do something, to make financially possible the limited development he is trying to do in this or that region of Canada. The decision will be taken independently of finance; its role will be to serve and not to decide.

The construction of that seaway has been decided because it fills a need and because this production will not affect adversely the production of other consumer goods. Here is a group of companies which offer to build that seaway for $500 million. They buy the material, supply the machinery, pay their employees, even an interest to the bank on the money borrowed for that purpose.

Let private enterprise borrow from chartered banks, I have no objection. But for the Government to do so when it can resort to the Bank of Canada, no. That is what the Creditistes are fighting for throughout Canada.

You may say that this is stupid. For instance, let us consider the St. Lawrence Seaway. Once the work is completed, the department concerned, after the engineers have established the probable duration of the Seaway, according to the use to which it will be put, and the wear and tear to which it will be submitted, then the department charged with inspecting government works will issue a cheque in the amount of $500 million. Where will the government get this money from? From the Bank of Canada? From the source of the financial credit of Canada?

• (9:10 p.m.)

Will the government contract a debt toward the Bank? Not at all, because the Seaway will be an asset created by the people of Canada, by those who have contributed directly or indirectly to its construction. The people of this country cannot run into debt regarding its own production. If the Seaway had been built in the United States by the Americans, Canada would have incurred a debt toward that country. But in a sound financial system, a national debt, together with the interest it carries, can only be owed to other countries, when our imports exceed our export.

But there may be a danger of inflation, people will say especially during an electoral campaign, when the Liberals always charge Social Credit with creating inflation, while it is caused by their own system. When the Government must pay $1,103 million in interest on the national debt to chartered banks and to other financial institutions outside Canada, this causes an increase in prices throughout Canada. That is true and real inflation which does nothing for the economic development of this country.

Would not this policy lead us to inflation? The Creditistes say that Canadians have nothing to pay for building the St. Lawrence Seaway, which is its own production. But they will have to pay for its achievement, its use, and its depreciation. And this in accordance with one of the basic principles of Social Credit: Every new production must be financed by new credit, and the withdrawal of these credits must be accompanied by consumption at the same speed of consumption or disappearance of created resources, or of their depreciation.

It seems to me that an intelligent person is able to understand that through such a technique inflation can be avoided; but, instead, inflation is created through the present system.

Assuming that the St. Lawrence Seaway depreciation is achieved after 50 years, and that we should then build another one, the annual depreciation, destruction and consumption will therefore take place at the rate of $10 million a year, which the government will have to seek from the consuming public, users and others; those $10 million will be returned every year to the bank to be cancelled. But on the contrary, some rather unscrupulous politicians will try to make believe, especially during election campaigns, that Social Crediters will bring about inflation.

Since a product can only be consumed once, its consumption must only be paid for once. The consumer of bread or milk pays the price shown only once. The same applies to the goods of public capital. It is only through

the absurdity of the present financial system that the people must pay two or three times for seaways, public buildings, highways, bridges, which are burdened with an interest doubling and tripling their cost.

It would be possible, by applying this principle, to alleviate the present burden of the taxpayers for all expenditures of public capital. Through the financing of public capital by the Bank of Canada, taxes would be reduced gradually, since the interest on the fictitious national debt would no longer exist.

Then, any government could reduce taxes and alleviate the heavy burden on the Canadian people. Taxes would decrease and be limited to taxes necessary for the depreciation of public capital, which would not return to its place of origin, the Bank of Canada, interest laden. Then, it would be repaid only once and not two or three times.

Under the legislation introduced today by the Minister of Finance, we must continue to pay interest on pure and simple creation of money by a few individuals, which is contrary to the best interests of the nation.

The implementation of such a scheme would permit the progressive repayment of the national debt which now accounts for more than 14 per cent of the expenditures covered by the federal budget.

It goes without saying that under a Creditiste regime, small wage earners and low income families would be the first to benefit from a tax reduction. The first taxes that a Credististe government would abolish would be those on basic commodities. One of the first pieces of legislation it would introduce would provide income tax exemptions for married taxpayers earning less than $5,000 a year and for single taxpayers with a yearly income of less than $2,500.

That, Mr. Chairman, would be the difference between a Creditiste government which would favour the freedom and the fulfilment of man and a Liberal government which binds and strangles people with chains which prevent them from disposing themselves of the fruit of their labour.

Mr. Chairman, the bill which we will undoubtedly be called upon to examine within the next few days is what I would call an example of government stinginess. It increases further the control of a handful of individuals.

The other day, I quoted the following from the encyclical "Quadragesimo Anno" which Pope Pius XI addressed to the world some 34 years ago, in 1931:

"Those who control money and credit are the masters of our lives and without their authorization, no one has the right to breathe."

We have reached the point where not only hon. members but even the public realize that the Minister of Finance and the government cannot breathe without the consent of those who control the economic lifeline of the nation. When we call for detailed reforms of our system, our opponents deride us by saying "Let us nationalize and socialize power, our natural resources, the Bell Telephone and private companies" whereas the only thing we ask the house to nationalize or socialize is money and financing. But it has to be left alone. We discuss here for months all kinds of bills, but when the interest to be paid on the national debt is mentioned, nobody dares to criticize a system which decreases the purchasing power of Canadian workers and consumers.

• (9:20 p.m.)

Mr. Chairman, nothing is said about the socialization of money. Nationalize private enterprise? Fine. But financial problems should not be dealt with.

Some people tell us: The system has always existed and survived. We cannot change it.

An hon. Member: It is a madmen's system.

Mr. Caouette: Yes, Mr. Chairman, it is a madmen's system, there is no doubt about it and it is administered by the maddest among them. That system torments individuals, human beings.

We have nothing against a bank's president and directors. We are against the power they have to give life to someone today and to put him into bankruptcy the next day.

In most cases of bankruptcy in Canada today, the main reason is—

[*Text*]

The Deputy Chairman: Order. I must advise the hon. Member that under Standing Order 61A his time has expired.

Mr. Langlois: Mr. Chairman, I wish to make a few observations on the resolution introduced by the Minister today and on the different propositions and intentions which he stated he had in mind.

Every ten years we have to renew this Bank Act so that chartered banks and the Quebec savings banks may continue to operate for another ten years. The Minister mentioned with some pride that the interest rate on commercial loans was to remain at 6 per

cent, but that other interest rates either on mortgage loans or on personal loans would be raised if the banks so wished. There is one thing I should like the Committee to remember in this regard. It is this: At the moment this is all a lot of window dressing. The Minister was trying to cover up in the course of his opening remarks what was to come later.

Some of my colleagues have already dealt with this point, but I shall take it up again. I am referring to the 7 per cent bank reserve requirement. We all know that the banks now have 8 per cent of their reserves with the Bank of Canada in accordance with the Bank Act. When they have $8 in reserve, $8 guaranteed either in currency or in Government bonds, they can lend out in a form of credit $100. Discounting the $8 held in reserve this amounts to giving the banks permission to create out of nothing $92, which they then lend out at interest to Canadian consumers. To put it another way, if I deposit $8 of my savings with a chartered bank, they pay me interest on it at the rate of 2¾ per cent. On the basis of this $8 the bank is then given permission to lend out $100 upon which they collect interest at the rate of 6 per cent. In other words they give 24 cents to the depositor while receiving $6 on the $100 created on the basis of his deposit. This means a profit of $5.76. That is the way in which the banks operate at the moment. They have the right to create 12½ times the amount they have on deposit either in their savings accounts or in Government bonds. By reducing this reserve requirement to 7 per cent the Minister is giving them permission to create funds amounting to 14.28 times their reserve—some of my colleagues have mentioned 14½ as a round figure.

Why is this being done? There is a reason, and I will tell the Committee what it is. First, this is a pre-election measure in the interests of the Liberal Party right now. At the moment, every chartered bank across the country is doing everything in its power to get people to deposit more money in their savings accounts. They do this because, as I say, these deposits provide them with credit to a multiple of 12½ times. But the banks are finding it increasingly difficult to get people to increase their savings. The Minister, by this change in the Act, has found one way which will permit the banks to continue to lend as before, without having to impose financial restrictions.

If the chartered banks were obliged at this moment to restrict credit across the country the result would certainly not be to the Government's advantage. We know what the reaction of the Canadian consumer would be. If the Minister does not know it, he can ask one of his predecessors what happened when he dictated a tight money policy. The measure before us would delay such a necessity until 1968, at least, permitting the Government to face an election and ensuring loose credit for the next three years. The Government will be able to get through the centenary year. But by 1968 if this country does not hit rock bottom and economic chaos I shall be surprised. However, at the moment this measure permits the Government to escape the trap which the Minister himself has created through his own monetary policy in past years.

As I mentioned a few minutes ago, the Minister of Finance knows that deposits going into savings are not as numerous as they were. He knows the banks can create credit on the basis of the 8 per cent of their reserves held by the Bank of Canada. He has only to read over the Bank of Canada Act to know this. It was made clear in 1935 and 1936 when the Committee on Banking studied this question. At that time Mr. Towers was governor of the Bank of Canada and Mr. Graham was questioning him. The Minister can read the report and find out what happened. We are now being asked to consider one move which will prevent the necessity for a tight money policy—and a tight money policy, added to all the taxes the Minister has placed on the shoulders of the people of this country, would mean a tight squeeze for the Government in the event of an election. We all know an election will come before 1968. The Minister hopes to get away with it for another three years, through 1967, and what happens to the Canadian people afterwards he does not seem to care.

Why is there a decline in the amount of money going into the savings departments of the banks today? There is only one reason. The people depositing in these accounts have less money in their pockets, less purchasing power. That is what we in this corner of the House are saying. They do not have enough money to buy Canadian products at the moment. So, instead of applying tight money policies as was done in 1959, the Minister has reduced the reserve requirement from 8 per cent to 7 per cent, thus allowing the banks to continue to lend at the present rate for another two or three years before the wheel goes round once more and we have

to tighten our belts again. My colleagues say the money is all in books. That is a fact. The hon. Member for Edmonton West mentioned it today, and it is mentioned also in the Bank Act itself. It is a fact.

• (9:30 p.m.)

I know this is exactly the way things happen. Whether you like it or not, it is the permission given to the local bank by the head office that will determine whether a loan is made to an individual—an individual the head office never saw in their lives; an individual they do not know. To that extent, I have nothing against it. But there is something I wish this Government would take hold of, and this House. I refer to the difference between our party and the N.D.P., which we often call the Socialist Party. They want to socialize production and private enterprise. As the hon. Member for Villeneuve mentioned a few moments ago, they want to socialize electricity, natural resources, this and that. There is one domain or one section of the economy wherein the Social Credit or the Creditistes are socialist, and this is the only sphere of economic activity in which we are socialist. This is in socializing the monetary policies of this country to give their control to the Canadian Government. This is one thing that the Government cannot rid itself of, namely controlling the currency. When the Government has lost control of the currency, you can say it has lost control of everything. There is a monopoly here. The Minister of Finance well knows there is a monopoly here. It is a monopoly controlling the distribution of goods. The distribution of goods, and production and services in this country is controlled by the currency that permits that distribution to come about.

I am going to put a question to you here, Mr. Chairman. We all know that currency is a conventional means accepted by the people, and in which people have confidence, as a unit of measure. It measures value; that is all it does. The wealth is not in the dollar bill; it is in what the dollar bill represents. It is a representation of goods. If the dollar bill is a unit of measure to measure value, how come that the dollar bill can change its value? How can it be worth $1.04 at one time, and at another time 92 cents? Have you ever seen a pound worth 14 ounces? You never did, and you never will. It is always worth 16 ounces on the dot. That is a unit of measure, to measure weight. Have you ever seen a metre shorter than 100 centimetres? You never saw it more than 100 centimetres, and you never saw it less than 100 centimetres. The true metre is held in a conservatory in France, in a platinum bar, and every other metre has to be measured by that. How come the lineal measure does not change? How come it is the measure of financial value that changes? If the measure of weight, pounds, does not change, and if the lineal measure, the foot or the metre, does not change, how come the value measure, the dollar, changes?

[Mr. Langlois.]

It is because there is speculation in regard to it. Somebody is applying tight money policies; somebody is applying loose money policies; somebody is speculating on it. The Minister knows about this. This is exactly the control that is in the hands of the chartered banks at the moment, given by the Government of the Canadian people. This control is given to these private institutions, which control the distribution of goods, services and production in this country. All we ask is that the Government control our currency, and control it from one end to the other. Let the chartered banks operate as they are, as a free enterprise; but let them have in their treasury enough capital to guarantee their loans 100 per cent. The caisses populaires and the credit unions in the different provinces must have 50 per cent in reserve as a guarantee. Ask them all to have 100 per cent in reserve as a guarantee. You cannot lend what you do not have. How can the Government permit private institutions to make loans when they do not have sufficient guarantee behind the loans? This is not a proper thing to do. This is the privilege of the Bank of Canada. That is the control we in this party desire to have belong to the Government, which is voted in by the people and should work for the people and with the people.

Some hon. Members: Question.

The Deputy Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Resolution reported and concurred in.

Mr. Gordon thereupon moved for leave to introduce Bill No. C-102, respecting Banks and Banking.

The Acting Speaker (Mr. Batten): Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Mr. Grégoire: On division.

Motion agreed to and Bill read the first time.

The Acting Speaker (Mr. Batten): When shall the said Bill be read a second time?

Some hon. Members: Now.

Mr. Grégoire: No.

The Acting Speaker (Mr. Batten): Next sitting of the House?

Mr. Grégoire: Next sitting of the House.

QUEBEC SAVINGS BANKS ACT

DECENNIAL REVISION AND EXTENSION OF POWERS

Hon. Walter L. Gordon (Minister of Finance) moved that the House go into Committee to consider the following resolution:

That it is expedient to introduce a measure to provide for the decennial revision of the Quebec Savings Banks Act and the extension of the powers of the existing savings banks till July 1, 1975, and to provide further for certain changes in connection with the administration of the Act.

Motion agreed to and the House went into Committee, Mr. Batten in the Chair.

Mr. Gordon: Mr. Chairman, the bill to be based on this resolution provides for the revision of the Quebec Savings Banks Act under which two savings banks operate, one in Montreal and one in the City of Quebec. This bill follows, wherever appropriate, like provisions in the bill to revise the Bank Act, and many of the administrative changes proposed in that bill have been incorporated in this one as well. I shall be pleased to give a more detailed explanation when the bill is before the House for second reading; and after it has been given second reading I shall move that it be referred to the Banking and Commerce Committee.

The Deputy Chairman: Shall the resolution carry?

Mr. Howard: Mr. Chairman, because we are in Committee I think the rules will permit a question to be posed to the Minister which, if he has time, I think he will be able to answer. Are banks which are incorporated under the Quebec Savings Banks Act, banks in the same sense as, say, the Bank of Montreal? Is it permissible for savings banks, for the sake of argument, under this Act to do business in British Columbia, just as an example?

Mr. Gordon: There are important differences, Mr. Chairman. The banks that are incorporated under the Bank Act have more powers and can do a lot of things that the banks incorporated under the Quebec Savings Banks Act are not entitled to do. I would prefer to answer more detailed questions when the bill is before the House, if I may.

• (9:40 p.m.)

Mr. Howard: Just one other question, if I may, Mr. Chairman. I can appreciate the desire of the Minister to deal with this matter when the bill is before us, when we will be able to see it in black and white, but it would be helpful if the Minister would point out which provisions relating to the Bank Act, the resolution regarding which has just been dealt with, are also applicable to the Quebec Savings Banks Act. For instance, the provision about interest rates, the one about provincial government participation, the one about mortgage lending and the like.

Mr. Gordon: Perhaps I might briefly summarize the provisions of this bill. The principal features are, first, the extension of the banking powers of these two banks for a further period of 10 years up to July 1, 1975, to conform with the period for the decennial revision. Second, the provision to prohibit after July 1, 1970 the election or appointment of a person to be a director if he has reached the age of 75. That was something which was incorporated into the Bank Act some time ago.

Mr. Howard: Will he be sent to the Senate then?

Mr. Gordon: I do not know what will happen to him. I am rapidly approaching that age myself so I will have to look into this. Third, a provision to permit the banks to fix any price on new issues of shares which is not less than $1 par value. That is something which can be done under the Bank Act. Fourth, provisions with respect to resident, non-resident and government ownership of shares of savings banks, which are the same as those in the bill to revise the Bank Act and which I dealt with briefly at the resolution stage of the previous bill. Fifth, an increase in the amount banks may lend on conventional mortgages and, sixth, an increase in other lending and investment powers.

They are the main provisions of the bill. The Royal Commission on Banking and Finance recommended that the savings banks be given the same powers as the chartered banks. However, these banks have expressed no wish to extend their operations to include commercial lending but prefer to carry on under their own Act as in the past.

I should perhaps answer my hon. friend's direct question put to me a few moments ago. These two banks can operate only in the Province of Quebec.

Mr. Howard: What about interest rates?

Mr. Gordon: Same limits.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I wish to ask the Minister of Finance a question.

Can he tell us if the reduction from 8 to 7 per cent of the chartered banks' liquid reserves applies also to the savings banks in Quebec?

[*Text*]

Mr. Gordon: Mr. Chairman, I would be delighted to answer as many questions as I can, but I do think it would be more appropriate to do so when we come to that stage of the proceedings where detailed questions are normally put to the Minister concerned.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to direct a supplementary question to the Minister.

If he were assisted by his experts, perhaps he could give an immediate answer to our questions.

What we want the Minister to tell us is whether the percentage of cash reserves that the Quebec savings banks have to maintain when they grant loans will also be reduced, as proposed for chartered banks. Moreover, can he tell us what percentage of cash reserves the savings banks will have to keep from now on?

[*Text*]

Mr. Gordon: The same procedure will be followed as in the past, Mr. Chairman.

[*Translation*]

Mr. Caouette: Mr. Chairman, we should like the Minister of Finance to tell us what the difference is between the chartered banks, concerning which changes were discussed earlier, and the Quebec savings banks? Do these enjoy the same privileges as chartered banks in Canada?

[*Text*]

Mr. Gordon: No, Mr. Chairman. As I just pointed out, it was suggested by the Royal Commission that the Quebec savings banks be placed, for all practical purposes, on the same footing and be permitted to go in for commercial banking, as do chartered banks. But the Quebec savings banks decided they did not want to do this, that they would like to continue their operations in the way they have been successfully doing for many years, so there is no reason to force them into a field which they do not wish to enter.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I should like to direct another question to the Minister of Finance.

Is it not a fact that savings banks have to keep liquid reserves equivalent to 100 per cent of their loans or deposits?

[*Text*]

Mr. Gordon: Five per cent, Mr. Chairman. May I just point out that I think this is a fairly good example of some of the small differences in percentages about which we have heard so much this evening. We have been hearing all sorts of figures tossed out by our friends in that corner of the House—as an hon. Member says, these great experts in finance, who in my humble opinion, if they ever got their hands on the financial machinery of this country, would bring about one of the greatest financial panics which Canada or any other country could ever experience.

Some hon. Members: Oh, oh.

Some hon. Members: Hear, hear.

Mr. Grégoire: Do not forget the Liberals were in power in 1929.

The Deputy Chairman: Order. The Minister of Finance has the floor.

Mr. Grégoire: May I ask a question?

Mr. Gordon: Well, wait until I have answered the last one.

The Deputy Chairman: Order. The Minister of Finance has the floor.

Mr. Gordon: Whether or not my hon. friend was around here in 1929, I do not know. But I would suggest to him that he look forward rather than backward. I was around here in 1929, and one of the things which sustained this country—

Mr. Churchill: Were you a "whiz kid" then?

Mr. Gordon: No, I was not a Member then—was that the Canadian banks weathered the storm of 1929.

Mr. Grégoire: What about 1937?

Mr. Gordon: Let me finish dealing with 1929. If my hon. friend remembers, this was not the case in the United States of America. One bank after another failed in 1930 and

1931, and a major financial catastrophe occurred in that country until the election into office of that great leader, Franklin D. Roosevelt, who managed to get things back on the road again.

I hope to have the opportunity, during second reading of the bill to revise the Bank Act, to deal with some of the peculiar theories which my hon. friend in that corner are fond of repeating, I almost said "ad nauseam" but I do not want to become offensive in any way. So perhaps they will wait until then.

Mr. Monteith: Try explaining that to those who voted for them a couple of years ago.

Mr. Gordon: I will do that, too. I do not think I have anything more to say about 1929; I am more interested in 1969 and 1989.

[*Translation*]

Mr. Lessard (Lake St. John): Mr. Chairman, I should like to put a question to the Minister of Finance.

In view of the fact that he has just stated that Quebec savings banks do not have the same privileges as other chartered banks and taking that difference into consideration, will the minister authorize the Quebec provincial government to acquire shares and to control savings banks, and consequently credit in Quebec?

• (9:50 p.m.)

[*Text*]

Mr. Gordon: I would be glad to consider this, Mr. Chairman.

[*Translation*]

Mr. Grégoire: A supplementary question, Mr. Chairman. Do the caisses populaires come under the provisions of the Quebec Savings Bank Act?

[*Text*]

Mr. Gordon: No, Mr. Chairman.

[*Translation*]

Mr. Grégoire: Mr. Chairman, very good questions can be put in that connection.

Can the minister tell the house exactly what difference there is between chartered banks and Quebec savings banks?

[*Text*]

Mr. Gordon: Mr. Chairman, I am sure that my hon. friend knows that the lending powers represent the main difference.

[*Translation*]

Mr. Grégoire: Mr. Chairman, I have another question.

In view of the fact that the minister has just stated that the difference between chartered banks and Quebec savings banks lies in the lending power, can he tell the house whether chartered banks lend a different kind of money than Quebec savings banks? Is the difference between these banks in the interest rates, or how does their lending power differ?

[*Text*]

Mr. Gordon: The powers are different because of the legislation under which these institutions operate.

[*Translation*]

Mr. Caouette: Mr. Chairman, these answers are preposterous. The Minister of Finance should state clearly the difference between the two.

The Chairman: Order. Is the hon. member making remarks within the limits of the debate, or is he putting a question to the Minister of Finance. As the hon. member knows, we have to take into consideration the time allowed the minister, and I am informed that his time has expired.

Mr. Grégoire: Mr. Chairman, we are only questioning the minister.

The Chairman: That is exactly what I was asking the hon. member for Villeneuve. Does he merely wish to ask questions or does he now want to take part in the debate?

Mr. Caouette: No, Mr. Chairman, I just want to ask the Minister of Finance a few questions. We would like to know exactly what difference there is between the lending privileges of a chartered bank and those of a Quebec savings bank. Also, is there any difference between the privileges of a Quebec savings bank and those of the caisses populaires and between chartered banks and those two banking systems?

[*Text*]

Mr. Gordon: Mr. Chairman, I think this is a perfectly proper and reasonable request. Naturally the differences will be spelled out in great detail in the legislation. First reading has now been given to the revisions to the Bank Act, so my hon. friend will be able to see exactly what are the powers of the chartered banks. If we are able to deal with this resolution, the proposed changes to the Quebec Savings Bank Act, which are incorporated in the bill, will be available, and my hon. friend will be able to spend many interesting hours reading that bill, and will see

the differences set out in a way which is clear, but which I am not prepared to summarize now.

[*Translation*]

Mr. Caouette: Then, Mr. Chairman, could I use my own glasses instead of the minister's to deal with this question?

[*Text*]

Mr. Gordon: I think that would be a good idea, Mr. Chairman.

[*Translation*]

Mr. Grégoire: I should like to direct another question to the Minister of Finance.

Does he agree with the statement made by Mr. Graham Towers, former governor of the Bank of Canada, who, in 1940, said that chartered banks had the right to multiply their money when they granted loans, while the savings banks did not have the same right?

Is the Minister of Finance ready to grant this same right to the savings banks and to the caisses populaires?

[*Text*]

Mr. Gordon: I should like to read that testimony very carefully, Mr. Chairman. I think the hon. Member has his dates wrong and, if that is the case, it is just possible that his short synopsis of Mr. Towers' testimony will require checking.

The Chairman: Shall the resolution carry?

Some hon. Members: Carried.

Mr. Grégoire: On division.

The Chairman: Shall I report the resolution?

Some hon. Members: Carried.

Mr. Grégoire: On division.

Resolution reported and concurred in.

Mr. Gordon thereupon moved for leave to introduce Bill No. C-103, respecting Savings Banks in the Province of Quebec.

Mr. Deputy Speaker: Is it the pleasure of the House to adopt the said motion?

Mr. Grégoire: On division.

Motion agreed to and bill read the first time.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, tomorrow we propose to call item No. 6 on today's Order Paper, second reading of Bill No. C-98, an Act to make provision for the retirement of Members of the Senate. If that is completed we will spend the remainder of the time on the resolution preceding the housing bill.

At ten o'clock the House adjourned, without question put, pursuant to Standing Order.

APPENDIX

MOTIONS FOR PAPERS ADOPTED MAY 5, 1965

LETTER FROM QUEBEC REVENUE MINISTER RESPECTING FORMER MINISTER

Motion No. 7—Mr. Coates:

That an humble Address be presented to His Excellency praying that he will cause to be laid before this House a copy of a letter dated on or about December 30, 1964, from the Minister of Revenue of the Province of Quebec to the Minister of Justice concerning the Honourable Member for Saint-Jean-Iberville-Napierville.

Motion agreed to.

DOCUMENTS RESPECTING QUEBEC BANKRUPTCY

Motion No. 8—Mr. Rondeau:

That an Order of the House do issue for a copy of (a) letter of May 19, 1963, from A. G. Heakes to the Honourable Lionel Chevrier, Minister of Justice, together with its covering letter of May 21, 1963 (b) letter from Miss Marguerite Ritchie, Executive Assistant to Honourable Lionel Chevrier of July 16, 1963, acknowledging the said letter from A. G. Heakes of May 19, 1963 and its covering letter of May 21, 1963, to Mr. Chevrier (c) all others letters listed in Miss Ritchie's letter of July 16, 1963, to Mr. Heakes (d) complete dossier of court records relating to Mr. Heakes' proposal No. 37-1955 SCM as held in Department of Justice and in particular (i) original proposal of February 7, 1955 (ii) amended proposal of May 31, 1955 (iii) report of the debtor's proposal of September 14, 1955 with its attached record of creditors' meetings and minutes of said meetings (iv) judgment of November 22, 1955 ratifying said proposal (v) petition of Trustee Dansereau of June 3, 1958, cancelling proposal (vi) judgment of June 9, 1958, cancelling proposal; also attached envelope addressed by registered mail and returned as evidence that Mr. Heakes had moved from his place of business (vii) Trustee's motion for discharge of July 2, 1959 (viii) Trustee's petition to cancel unreinstated proposal of August 8, 1963, together with its attached exhibits of minutes of creditor's meetings held on March 8, 1955 and April 15, 1955 (ix) judgment of September 11, 1963, cancelling the unreinstated proposal for a second time (x) judgment of September 12, 1963, discharging Trustee (xi) notice of discharge hearing on September 12, 1963, if any (e) correspondence covering arrangements for postponement of discharge hearing as referred to by the Honourable Davie Fulton in Department of Justice estimates of June 9, 1961 (f) reports by Registrar Gérard Deniger to Department of Justice re cancellation of proposal including all correspondence with and/or reports on other contacts with Registrar Deniger (g) all correspondence and/or other communications with Trustee J. Alexandre Dansereau and/or reports on same (h) report on investigations into cancellation as recorded in speech by the Honourable Davie Fulton in Department of Justice estimates of June 9, 1961 (i) telegram of October 15, 1965, from Mr. Heakes to Mr. Favreau requesting protection of papers relating to proposal (j) letter of February 4, 1965, to the Honourable Guy Favreau, Minister of Justice, together with its enclosure of letter of February 2, 1965, to the Rt. Honourable Lester B. Pearson (k) all letters to Mr. A. G. Heakes from officers and Ministers of Department of Justice and in particular (i) letter of February 5, 1960 from Assistant Deputy Minister Favreau (wrongly dated February 5, 1940) to Mr. Heakes (ii) letter of July 16, 1959, from Supt. Larose to Mr. Heakes (iii) letter of November 9, 1959, from Miss K. Kierans, Secretary to the Honourable Davie Fulton to Mr. Heakes (iv) letter of the Honourable Davie Fulton, referred to in said letter of Miss Kierans, to the Honourable George Hees (v) all other letters from officers of the Department of Justice and Ministers of Justice to Mr. Heakes (l) letters of July 14, 1959, and July 15, 1959 to Supt. Larose (m) letters and other communications from Mr. Heakes to officers of the Department of Justice and the Minister of Justice listed in the said letter of Miss Kierans of November 9, 1959?

Mr. Speaker: Transferred for debate.

ACCEPTED ORDERS FOR MINT COIN SETS

Motion No. 14—Mr. Langlois:

That an Order of the House do issue for a copy of all the names of those who acquired a series of 1965 coins from the Mint in Ottawa between January 1st and 10th, 1965.

Motion agreed to.

CENTENNIAL YOUTH PARLIAMENT

Motion No. 16—Mr. Martineau:

That an Order of the House do issue for a copy of all documents, contracts, letters and correspondence exchanged between the Centennial Commission of Canada and Mr. William Fair or any other person or association in relation to the setting-up of a Youth Parliament to commemorate this event.

Motion agreed to.

DOOR TO DOOR MAIL DELIVERY, CHARNY, QUE.

Motion No. 18—Mr. Langlois:

That an Order of the House do issue for a copy of every communication, telegram and letter exchanged between the Postmaster General and the Member for Lévis, Mr. Raynald Guay, relating to door to door delivery by mailman, in Charny in the County of Levis.

Motion agreed to.

DOOR TO DOOR MAIL DELIVERY, ARTHABASKA, QUE.

Motion No. 19—**Mr. Langlois:**

That an Order of the House do issue for a copy of every communication, telegram and letter exchanged between the Postmaster General or his assistant or any one else acting on his behalf, or the head of his Department and Mr. Jean-Luc Pepin, Member for Drummond-Arthabaska, relating to home mail delivery by mailman in Arthabaska.

Motion agreed to.

[*Editor's note: Due to an oversight these motions were omitted from* Hansard *of May 5, 1965.*]

HOUSE OF COMMONS

Friday, May 7, 1965

The House met at 11 a.m.

ADMINISTRATION OF JUSTICE

USE OF SATELLITE TO LOCATE LUCIEN RIVARD

On the orders of the day:

Mr. Eldon M. Woolliams (Bow River): I had planned to ask the Minister of Justice this question. In his absence I will direct it to the Prime Minister. If I may preface it with two lines, perhaps I could say that the Early Bird satellite was successfully used to locate Mr. Lemay, one of the most wanted criminals in Canada, and responsible sources have advised me that Early Bird was also to be used to locate another of Canada's most wanted criminals. Did the Government or the Minister of Justice stop this procedure and, if so, why?

Right Hon. L. B. Pearson (Prime Minister): No, Mr. Speaker, to my knowledge there was no intervention or interference in that procedure. As far as I am concerned I did not have any knowledge of it before it was shown on the television screen, but I will consult the Minister of Justice to see whether he can throw any light on it.

Mr. Woolliams: A supplementary question. Is it a fact that Mr. Rivard's picture was to have been flashed over Early Bird but that a minister, or people in high places in the Government, prevented this procedure from taking place?

Mr. Pearson: I have just stated that it is not a fact as far as I am concerned, and I have no reason to think it is a fact as far as anybody else is concerned.

Mr. Woolliams: A further supplementary question. Is the Prime Minister or other Members of the Government prepared to answer the questions asked by the hon. Member for Battle River-Camrose in connection with the application for a passport by Mrs. Rivard, and give the House a full report on Rivard's escape? Why are the facts being withheld?

Mr. Pearson: The facts are very simple and were stated by the Acting Minister the other day. The application was made by Mrs. Rivard for a passport on April 6 and the matter is being considered now.

Mr. Woolliams: Another supplementary question—

Some hon. Members: Oh, oh.

Mr. Woolliams: Surely in circumstances of this kind there is no question of consideration being given to granting a passport to Mrs. Rivard?

Mr. Speaker: Order. The hon. Member is beginning to argue the question.

SEFKIND BANKRUPTCY—INQUIRY AS TO LAYING OF CHARGES

On the orders of the day:

Mr. Eric Nielsen (Yukon): In the absence of the Minister of Justice again today may I ask his Parliamentary Secretary whether he has a reply to the question I put yesterday to the Solicitor General.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): No, I am sorry; I do not have a reply today, but I will check to see whether we can have one ready for the hon. Member on Monday.

THE CANADIAN ECONOMY

PROVISION FOR REVIEW OF COST OF LIVING INCREASES

On the orders of the day:

Mr. T. C. Douglas (Burnaby-Coquitlam): Mr. Speaker, may I direct a question to the Minister of Finance regarding the Bureau of Statistics report concerning the cost of living index, which for April of this year reached 137.7 as compared to 135.0 for April 1964. This represents an increase of 2.7 percentage points. I wanted to ask the Minister whether his Department has set up any machinery for a constant review of these increases in the cost of living, in view of the fact that they represent a greater increase than was considered reasonable by the Economic Council of Canada. Could I ask the Minister also whether there is any review of the relative profits of the various sectors of the economy, to ascertain whether these increases are warranted?

Inquiries of the Ministry

Hon. Walter L. Gordon (Minister of Finance): In the first place, Mr. Speaker, like all hon. Members I deplore and deprecate any increase in the consumer price index. In this particular case, as I indicated in the budget speech and as I have indicated earlier, there has been an increase of 2 per cent over the past year. I would hope that when these figures are mentioned it will be made clear that, as my hon. friend said, the increase is 2.7 percentage points. The hon. Member was very careful to do that. But that works out at 2 per cent over the year. That is the rate of increase that I mentioned in the budget speech. It is also, incidentally, the rate of increase that was mentioned in the review of the Economic Council.

No one condones or is happy about an increase of that kind; but as I have said on other occasions, it happens to be the lowest rate of increase of any industrial country in the world in the last year, except the United States. I can assure my hon. friend that I get a detailed analysis prepared by my Department of the make-up of these increases or decreases month by month. I do not happen to have it this morning, but I had it yesterday when I expected the question would be asked. Naturally the Government watches this closely and continuously.

Mr. Douglas: Mr. Speaker, may I ask the Minister whether it is not correct that the Economic Council suggested the objective was an increase of 1.4 per cent a year in the price of goods and 2 per cent a year on services, and that actually the breakdown for the 2 per cent to which the Minister refers in total in the commodity index is much higher than the 1.4 per cent for goods referred to by the Economic Council. I want to ask the Minister specifically whether any study is made by any branch of his Department regarding these increases to see whether they are warranted, in view of the profit relationship of the sectors of the economy that are concerned.

Mr. Gordon: Mr. Speaker, I do not accept the preamble to my hon. friend's question. The review of the Economic Council, in the model which they were presenting, indicated a 2 per cent increase per annum. It does not make a great deal of difference to the ordinary man's standard of living whether it is in one form or another; the fact is that in the last year on the average, according to the statistics, the consumer price index went up by 2 per cent.

[Mr. Douglas.]

As I have said on other occasions, and as I am sure my hon. friend knows, there are those who question whether the statistical measurements in this index are capable of taking everything into account; and there are people much more qualified than I who feel that the statistical measurements show an exaggerated result. With regard to the hon. Member's specific question, as I have said there are senior officers in my Department who watch movements in prices closely and keep me closely informed on them. As to whether any segments of the economy or any businesses in the country are making too much profit, this of course is not something that under our system of government we can control. This is not a socialist state. We have a system which most people think works pretty well.

MEASURES TO ASSIST THOSE RECEIVING LOW INCOMES

On the orders of the day:

[*Translation*]

Mr. Marcel Lessard (Lake St. John): Mr. Speaker, I would like to direct a question to the Minister of Labour concerning the address he gave the night before last at Niagara Falls, when he dealt with the economic situation in Canada.

First of all I would like to congratulate the minister for having admitted that in spite of two years of Liberal administration there are still 385,000 families whose incomes are less than sufficient. Having admitted this more or less disastrous situation, does the minister not believe that he should ask his cabinet colleagues to grant priority to the measures listed in the budget speech, in order to remedy this situation which exists in Canada?

[*Text*]

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, at present priority consideration is being given to certain proposals in this direction.

INDIAN AFFAIRS

OPPORTUNITY FOR STUDY OF PROPOSED CLAIMS LEGISLATION

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 Citizenship and Immigration, a copy of which I forwarded to him yesterday. Would the Minister advise the House if it is his intention to give Indian

organizations and other interested persons the opportunity to study the proposed Indian Claims Commission legislation before proceeding with second reading?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, it is the Government's intention to refer the Bill to a committee. Whether it will be a committee of this House or a joint committee of this House and the other place will be announced later.

Mr. Patterson: A supplementary question. Is it his intention to refer the subject matter of the Bill to the committee before second reading so these organizations can present their views with regard to the new measure?

Mr. Nicholson: Mr. Speaker, in the first instance Bill C-130 was submitted to Indian bands and other interested persons in late December of 1963 and early in 1964. Many suggestions and views have come in, and as I intimated earlier some of these new ideas have been incorporated into a new—a revised—bill. However, the new Bill will not be made public until it has received first reading in this House, and then it will be sent to a committee.

Mr. G. W. Baldwin (Peace River): Mr. Speaker, I have a supplementary question for the Minister of Citizenship and Immigration. Will the terms of the Indian Claims Commission legislation be wide enough to permit some remedy to be given if the interdepartmental committee considering matters concerned with Indian treaties and traditional hunting rights makes any recommendations? If not, in what way does the Government propose to proceed if this government committee should in fact decide that there should be certain remedies provided as a result of their findings?

Mr. Nicholson: Mr. Speaker, the Indian claims legislation in my view relates largely to a different subject matter than that which has been referred to the interdepartmental committee. The Government's ideas were incorporated in the Indian claims bill which was distributed in 1963. If any action has to be taken as the result of a report from the interdepartmental committee on another subject, that will be the subject of separate study and consideration.

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Inquiries of the Ministry

LABOUR CONDITIONS

REQUEST FOR EXTENSION OF WINTER WORKS PROGRAM

On the orders of the day:

[*Translation*]

Mr. Gilles Grégoire (Lapointe): Mr. Speaker, I wish to put a question to the Minister of Labour.

Could he inform the house whether it is the intention of his department to reconsider its position on the extension of winter works in May, so that more municipalities could profit by the extension of winter works during the month of May?

[*Text*]

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, no decision has been taken to change the system of extension that was announced some time ago.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I have a supplementary question.

Can the Minister of Labour tell the house why the federal department rejects applications for extension of the winter works period, when these very applications have been accepted by some provincial governments?

[*Text*]

Mr. MacEachen: Mr. Speaker, one of the conditions of the municipal winter works program over the years has been that each project submitted by a municipality must be approved by the Provincial Government concerned. Then the project is forwarded to the Federal Government. It is the responsibility of the Federal Government to accept projects which meet the terms and conditions of the program itself, and a particular application is rejected only on the ground that it does not meet the conditions of the program.

[*Translation*]

Mr. Grégoire: Mr. Speaker, I would like to ask another supplementary question.

Does this mean that the federal Department of Labour did not explain properly the new conditions for this extension to the provincial governments, or that the latter were ready to accept projects which did not fulfil the conditions requested by the Department of Labour? Or are the requirements set by the federal Department of Labour too rigid to allow the extension of the winter works period?

Inquiries of the Ministry

[*Text*]

Mr. MacEachen: Mr. Speaker, the truth may be a combination of all three possibilities.

REQUIREMENT THAT BANK EMPLOYEES WORK ON HOLIDAY WEEK ENDS

On the orders of the day:

Mr. Gerald A. Regan (Halifax): Mr. Speaker, I should like to direct a question to the Minister of Finance in relation to the revision of the Bank Act. Is the Minister aware that under its present provisions bank employees are denied long holidays such as over Easter week end, when other employees are off work on Friday, Saturday and Monday? There is a provision in the Bank Act that banks cannot be closed for more than three consecutive days; therefore bank employees have to work on Saturday morning for two or three hours on the occasion of such holiday week ends. When the Bank Act is being changed, will the Minister take under consideration the advisability of amending it so that on such holiday week ends banks will be allowed to close on four consecutive days?

Hon. Walter L. Gordon (Minister of Finance): Mr. Speaker, I share my hon. friend's solicitude for the welfare of the bank employees, but I suggest that this matter might better be dealt with when we resume the debate on the Bank Act.

EXTERNAL AFFAIRS

PARIS—RECEPTION OF CANADIAN MINISTER

On the orders of the day:

Hon. Paul Martineau (Pontiac-Témiscamingue): Mr. Speaker, I have a question for the right hon. Prime Minister. Is the Prime Minister giving consideration to the registration of a protest or other action regarding the reception extended to our very esteemed Secretary of State for External Affairs (Mr. Martin) who apparently did not receive the V.I.P. red carpet treatment on his arrival in Paris?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, it is not the policy of this Government to protest about the absence of red carpets. In this particular instance I have received a report from the Minister which indicates that there were some minor technical problems on his arrival, but that no discourtesy of any kind was intended and, in his own words "It was nonsense to suggest that there was". He indicated to me that he was completely satisfied with the welcoming arrangements; that he was met at the airport, as is customary in respect of arrivals of this kind, by two representatives of the foreign office. He also indicated that he expects to have valuable and constructive talks today with the Foreign Minister, whose guest he will be at luncheon, for which arrangement he is very grateful. They are friends of long standing and get along very well. Mr. Martin is having a very happy visit in Paris today.

Mr. Martineau: I have a supplementary question, Mr. Speaker. Is the Prime Minister satisfied that the Minister's tender feelings were not hurt?

Mr. Pearson: The Minister's telegram to me indicates, as I have just said, that he is very happy about everything.

Mr. Herridge: Mr. Speaker, let me say that we are all delighted to know that our homespun Minister received an appropriate welcome.

CANADIAN CONFEDERATION

REPORTED STATEMENT BY BRITISH COLUMBIA MINISTER

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, as a staunch believer in Confederation I wish to address a question to the right hon. Prime Minister. In view of the reported statement made by Hon. Ralph Loffmark, the British Columbia Minister of Trade and Commerce, to the effect that the British Columbia cabinet has recently discussed secession from Confederation, will the Prime Minister inform the House whether he has received any official communication from the Government of British Columbia in respect of this most calamitous announcement?

Right Hon. L. B. Pearson (Prime Minister): Mr. Speaker, I am most grateful to my hon. friend who, with his customary courtesy has given me notice of this important question, but his notice did not refer to a "lamentable statement"; it referred to a "dramatic development". I am prepared to deal with the referred to dramatic development by suggesting that while there may have been a lamentable statement, there has been no dramatic development. The hon. Member's own Premier has very often spoken in warm terms of Confederation and all it means to British Columbia. Perhaps Mr. Loffmark is just preparing for the forthcoming Federal-Provincial Conference, Mr. Speaker.

Mr. Herridge: Mr. Speaker, I should just like to explain out of courtesy to the Prime Minister that I changed my adjective after I rose in my place.

HEALTH AND WELFARE

REQUEST FOR INCREASED EXPENDITURES ON MENTAL HEALTH RESEARCH

On the orders of the day:

Mr. P. B. Rynard (Simcoe East): Mr. Speaker, I have a question for the Minister of National Health and Welfare, but in her absence I will direct it to her Parliamentary Secretary. My question is based on the fact that in 1963 we in Canada spent $1,800,000 on mental health research, whereas in the state of New York, with a smaller population $14,600,000 was spent on mental health research. Our mental health research here has been described as a creeping catastrophe and a major crisis in mental health research. Will the Parliamentary Secretary draw this situation to the attention of the Minister?

Mr. J. C. Munro (Parliamentary Secretary to Minister of National Health and Welfare): Yes, Mr. Speaker, I will.

PENSIONS

REQUEST FOR DISTRIBUTION OF INFORMATION ON CANADA PLAN

On the orders of the day:

Mr. J. C. Munro (Parliamentary Secretary to Minister of National Health and Welfare): While I am on my feet, Mr. Speaker, I should like to answer the question put by the hon. Member for Port Arthur yesterday. He inquired whether there would be any type of pamphlet prepared in layman's language explaining the Canada Pension Plan. I am advised by the department that such a pamphlet will be ready some time in the early part of June.

CANADA PLAN—INQUIRY AS TO PROCLAMATION OF ACT

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, may I direct a question to the Prime Minister. As it is now a little more than 30 days since the Canada Pension Plan was given royal assent, can the Prime Minister say whether this Act has been proclaimed and, if so, what was the date of the proclamation?

Right Hon. L. B. Pearson (Prime Minister): I should like to check on this, Mr. Speaker. It is my impression it was proclaimed two or three days ago, but I will get the exact date.

Mr. Knowles: May I ask a supplementary question, Mr. Speaker. Could the Prime Minister say whether any province other than Quebec, in that 30 day period, indicated it would opt out of the Canada Pension Plan?

Mr. Pearson: No, Mr. Speaker; no other province gave that indication.

TRANSPORT

P.E.I. CAUSEWAY—REPORT ON CONSTRUCTION STUDY

On the orders of the day:

Mr. Heath Macquarrie (Queens): Mr. Speaker, I have a question for the Minister of Public Works. In March he advised the House, in answer to a question from my colleague from Queens, that the second stage of the Prince Edward Island causeway study would be completed in four to six weeks. Could he indicate what is the new expected date?

Hon. Lucien Cardin (Minister of Public Works): Mr. Speaker, there is little I can add to what I said previously. To my knowledge there has been no delay on the part of the consultants, and I would imagine that the report should be ready very shortly.

NORTHERN AFFAIRS

DAUPHIN, MAN.—AGREEMENT RESPECTING WATER SUPPLY

On the orders of the day:

Mr. R. E. Forbes (Dauphin): Mr. Speaker, I wish to address a question to the Minister of Northern Affairs and National Resources. Is he now in a position to advise the House with regard to finalizing an agreement between his Department and the Town of Dauphin, Manitoba, to obtain a water supply for the town?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, we have had a number of representations from Mayor Newton and his council in respect of this matter. I have forwarded a copy of an agreement for the withdrawal from Moon Lake of 30 million gallons of water per year for a 10 year period. Mayor Newton has indicated that he is thoroughly

satisfied with the agreement. This will provide a water supply in addition to the normal withdrawal from Edwards Lake which we are not disturbing at all. The rights for withdrawal from Moon Lake will be written to coincide with the date of termination of the Edwards Lake agreement, which means March 31, 1980.

Mr. Forbes: I should like to thank the Minister for finally getting around to completing this agreement.

NATIONAL DEFENCE

HALIFAX—ACCEPTANCE OF CIVILIAN WORK BY NAVY DIVERS

On the orders of the day:

Mr. Lloyd R. Crouse (Queens-Lunenburg): Mr. Speaker, may I direct a question to the Minister of National Defence. There are reports in the Halifax area that many of the 70 Royal Canadian Navy divers in that area are moonlighting, using navy equipment and taking thousands of dollars worth of work from civilian divers. Has the Minister issued any orders prohibiting this practice, and does he contemplate taking any action prohibiting this unfair competition for civilian divers?

Hon. Paul Hellyer (Minister of National Defence): Mr. Speaker, I have not seen the article in question, but I will take the question as notice.

CANADIAN NATIONAL RAILWAYS

INQUIRY AS TO REPORT ON RUN-THROUGHS

On the orders of the day:

Mr. J. N. Ormiston (Melville): Mr. Speaker, may I direct a question to the Minister of Labour. Could the Minister tell the House whether the hearings on the C.N.R. run-through problems are concluded, and when we might expect a report from Judge Freedman?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I will be glad to take that question as notice and give the hon. Member an answer early next week.

RESEARCH

INABILITY OF MEDICAL RESEARCH COUNCIL TO MEET REQUESTS FOR GRANTS

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to put a question to the Minister of Industry, but first of all, I am pleased to announce that the dean of the faculty of medicine of Quebec's Laval university is sitting in the gallery.

In connection with the reply he gave yesterday to the question asked by the hon. member for Winnipeg North concerning the Medical Research Council, is the minister aware that Dr. Frank Forward, director of scientific research with the privy council, stated recently that research funds are sufficient in Canada? If so, could he tell us whether such attitude reflects the new policy of the government in that respect?

Hon. C. M. Drury (Minister of Industry): Mr. Speaker, I have not read Dr. Forward's statement which the hon. member referred to. I can say that the government feels that the total amount spent on research in Canada is not enough, especially in industry. I think, however, that the amounts allocated for research by the government for the current year are taken into very serious consideration and I feel they are quite sufficient for what we aim to achieve. We are always looking for ways to increase the amounts allocated for industrial research by organizations other than the government.

[*Text*]

Mr. David Orlikow (Winnipeg North): Mr. Speaker, as a supplementary question I would like to ask whether the Minister has had an opportunity to look into the question I raised yesterday about the serious shortage of funds for Dr. Selye at the University of Montreal; and has he any comment, since he is the Minister directly concerned, on the suggestion made by Dr. Lehmann, of the Verdun Protestant Hospital in his own city, about the fact that psychiatric research in Canada is being starved to death?

Mr. Drury: Mr. Speaker, I have not yet had an opportunity to secure an answer in respect of Dr. Selye and I have not seen the remarks made by the Director of the Verdun Protestant Hospital, but will look into the question.

PUBLIC WORKS

FRASER RIVER—INQUIRY AS TO TRIFURCATION PROJECT

On the orders of the day:

Mr. Barry Mather (New Westminster): Mr. Speaker, I have a question I want to ask the Minister of Public Works. Among the reports from B.C. this morning one has reached me to the effect that the multi-million dollar

trifurcation project for the Fraser River, which has been long awaited, has now been abandoned by the Department. Could the Minister say whether this is so?

Hon. Lucien Cardin (Minister of Public Works): No, Mr. Speaker, the report is not correct. The Department of Public Works has not abandoned the trifurcation program for the Fraser River. My hon. friend perhaps knows that although there has been general acceptance by the shipping firms of the principle of the program, there has been some objection taken to some of the details of the plan. These details and other difficulties are now being studied by the Department.

VETERANS AFFAIRS

SHAUGHNESSY HOSPITAL, VANCOUVER—SALARIES OF STAFF

On the orders of the day:

Mr. A. B. Patterson (Fraser Valley): Mr. Speaker, I wish to direct a question to the Minister of Veterans Affairs, notice of which I sent him yesterday. Would the Minister advise the House when he expects to be able to announce the decision of his Department regarding the request for adjustments in the wage rates of orderlies at Shaughnessy Hospital, Vancouver?

Hon. Roger Teillet (Minister of Veterans Affairs): Mr. Speaker, I want to express my thanks to the hon. Member for giving me notice of this question. As I believe was stated earlier, we are awaiting the results of a survey of salaries now being conducted by the Civil Service Commission, following which it is hoped that this matter will be satisfactorily resolved.

Mr. T. C. Douglas (Burnaby-Coquitlam): As a supplementary question, Mr. Speaker, could I ask the Minister when we may expect some action on the matter of the increases in salary for the Shaughnessy Hospital employees? This matter has been before the House for a long time. Can the Minister set any approximate date as to when action is anticipated?

Mr. Teillet: This is part of the answer I gave a moment ago. The matter is in the hands of the Civil Service Commission and I cannot give a definite answer. Perhaps I might inquire and report later, but I do not have a date now.

Inquiries of the Ministry

HONG KONG VETERANS—INQUIRY AS TO REPORT

On the orders of the day:

Hon. Roger Teillet (Minister of Veterans Affairs): While I am on my feet, Mr. Speaker, perhaps I may reply to a question asked yesterday by the hon. Member for York-Sunbury with reference to the Hong Kong prisoners of war and when we could report in connection with them. I am informed by the Canadian Pension Commission that reports so far have identified a number of problems which require further study. Some of this is being done by the Department of National Defence medical staff. I am also informed that it may be some months before this is completed. However, as a result of the survey an extension of treatment rights for dental diseases is now being implemented.

AGRICULTURE

ASSISTANCE IN CONSTRUCTION OF COMMUNITY CENTRES BY AGRICULTURAL SOCIETIES

On the orders of the day:

Mr. George Muir (Lisgar): Mr. Speaker, I have a question for the Minister of Agriculture. I would like to ask him if it is the intention of the Government to proceed with legislation this session to assist rural groups to build year round community centres, in conjunction with their agricultural societies.

Hon. Harry W. Hays (Minister of Agriculture): This is still under consideration, Mr. Speaker, and I hope we will be able to deal with it soon.

TRANSPORT

PRINCE EDWARD ISLAND—SHORTAGE OF REFRIGERATOR CARS

On the orders of the day:

Hon. J. A. MacLean (Queens): Mr. Speaker, I would like to direct a question to the Minister of Transport as a follow-up to a question asked last Monday by my colleague from Queens. Is the Minister now in a position to tell the House whether the C.N.R. has reported to him on its success or otherwise in solving the problem connected with the shortage of suitable refrigerator cars in the Maritimes?

Hon. J. W. Pickersgill (Minister of Transport): Yes, Mr. Speaker. I had hoped yesterday to give an answer to the other hon. Member for Queens, but the question period went on so long and I had a very important appointment and was not able to do so.

I have some statistics here. Over the week end of May 1, 61 empty refrigerator cars were taken on to the island and 95 loads taken off. On May 3, 61 empties were taken on and 9 loads off. On May 4, 44 empties were taken on and 12 loads off. On the early morning of May 5 there were 110 empties at Cape Tormentine awaiting ferrying to Prince Edward Island, and in addition 90 cars en route to the east coast, of which 75 are new 50 foot insulated box cars equipped with vents. I am sure the hon. Member will realize what an improvement that is. As of 5 p.m. on May 4 there were 199 cars located on the island. Therefore it does look as though the C.N.R., either as a result of the prompting of the hon. gentleman or on their own—and I hope it was the latter—are meeting the problem.

CANADIAN PACIFIC RAILWAY

FURTHER CURTAILMENT OF SERVICE BETWEEN MONTREAL AND VANCOUVER

On the orders of the day:

Hon. J. W. Pickersgill (Minister of Transport): While I am on my feet, Mr. Speaker, perhaps I might be permitted to answer a question put to me yesterday by the hon. Member for Medicine Hat about another railway, this time the Canadian Pacific. I am informed by the Board of Transport Commissioners that on September 8, 1964 the Canadian Pacific discontinued sleeping car service on trains 7 and 8, The Dominion, except for local service between Toronto-Montreal and Sudbury, and between Fort William-Winnipeg.

Canadian Pacific advised the Board on April 7, that on June 24 next full sleeping and dining car service will be restored on these trains. No subsequent advice has been received from the railway company indicating any change in the proposal or any further adjustment affecting these trains.

Mr. H. A. Olson (Medicine Hat): As a supplementary question may I ask the Minister to inquire from the C.P.R. or the Board of Transport Commissioners whether the C.P.R. has given notice to all its postal workers on these two trains that their services will no longer be required after the end of June because it will no longer be carrying the mails?

Mr. Pickersgill: Yes, I will be glad to make suitable inquiries in whatever is the right quarter with respect to that matter.

[Mr. Pickersgill.]

Mr. Orlikow: Has the Minister received a copy of a resolution which was passed by the Saskatchewan legislature, unanimously I think, protesting the fact that the C.P.R. has cut the service on the transcontinental train The Dominion; and if so would he ask the Board of Transport Commissioners to investigate the matter?

Mr. Pickersgill: I do not think any such resolution has been brought to my personal notice, but I will look into the matter and do whatever is required in the circumstances.

REPORTED STATEMENT BY PRESIDENT RESPECTING SUBSIDIES TO C.N.R.

On the orders of the day:

Mr. Gerald A. Regan (Halifax): Is the Minister aware of this statement and, if so, does he have any comment to make on the contention of a privately owned railroad, which with regard to its responsibility to the public operates in a somewhat cavalier manner, that subsidies to the publicly owned Canadian National Railways constitute unfair competition with the aforementioned private railway? These statements were made yesterday.

Hon. J. W. Pickersgill (Minister of Transport): Yes, I did happen to see a report in the newspapers of some statements by the President of the C.P.R. I have not had time to read it yet, but even when I have had time to do so I doubt whether it would be wise for me to engage in public debate on this matter until such time as Parliament is dealing with this question.

SHIPPING

PAYMENT OF PILOTS AT PORT WELLER AND SARNIA, ONT.

On the orders of the day:

Hon. J. W. Pickersgill (Minister of Transport): Perhaps I might take this opportunity to deal with the question which was asked yesterday by the hon. Member for Simcoe North about failure to pay certain of the pilots in the Port Weller and Sarnia area of Ontario. I am informed there was a delay in preparing pay lists due mainly to difficulty in obtaining information concerning coverage required under the Ontario Hospital Insurance Plan. Cheques are now going out, and it is expected that all of them will have been issued by the 10th of this month.

PROTEST RESPECTING SUSPENSION OF SHIPBUILDING SUBSIDIES

On the orders of the day:

Mr. T. S. Barnett (Comox-Alberni): I should like to ask the Minister of Transport whether he has received any protest from the Government of British Columbia concerning the suspension of shipbuilding subsidies.

Hon. J. W. Pickersgill (Minister of Transport): No, I have not received any protest. I saw a statement in the press by the Premier which seemed to be based on a misconception. I believe a very, very substantial sum —I should like to name it to the House on the first suitable occasion—has been paid in subsidies by the national treasury for this service. I am told the province makes a profit on it, and I hope on an appropriate occasion they will see that due notice is taken of the fact that between 35 per cent and 40 per cent of the capital has been contributed by the national treasury.

Mr. G. L. Chatterton (Esquimalt-Saanich): Can the Minister of Transport now say when the interdepartmental committee investigating these subsidies will have its report ready?

Mr. Pickersgill: I am afraid I cannot, but both the Minister of Industry and I are pressing them as much as we can.

Mr. Chatterton: Can the Minister say when their last meeting was held?

Mr. Pickersgill: Quite frankly I do not really think Ministers can be expected to engage in this kind of police activity, but I will inquire.

CANADIAN BROADCASTING CORPORATION

VANCOUVER—INQUIRY AS TO PROVISION OF FACILITIES

On the orders of the day:

Mr. R. W. Prittie (Burnaby-Richmond): I should like to ask the Secretary of State a question about the continuing problem of the Canadian Broadcasting Corporation's facilities in Vancouver. I should like to ask him whether the reports that the Government is prepared to turn the Kitsilano site over to the City of Vancouver without reservation are true and, if so, what provision is being made for new C.B.C. facilities in Vancouver?

Hon. Maurice Lamontagne (Secretary of State): The Kitsilano site decision has been communicated to the City of Vancouver. The initiative now belongs to the city to make a proposal to the C.B.C.

Mr. Ron Basford (Vancouver-Burrard): A supplementary question in connection with the question addressed to the Secretary of State. Has the Prime Minister received an acknowledgement from the City of Vancouver of his very generous offer to the City with regard to Kitsilano?

Right Hon. L. B. Pearson (Prime Minister): Yes, I have received a very friendly and appreciative acknowledgement.

EXPO '67

REDUCTION IN U.S. APPROPRIATION FOR BUILDING

On the orders of the day:

Mr. Robert C. Coates (Cumberland): I have a question for the Prime Minister. Is the Prime Minister in a position to comment on the substantial slash in the United States building appropriation for Expo '67, bringing that appropriation to a figure which is now less than that of the City of Paris?

Right Hon. L. B. Pearson (Prime Minister): No, I do not have any comment to make on the action of another Government in connection with this matter. I understand that the appropriation amounts to $9 million. That is a substantial amount.

Mr. Coates: Does the Prime Minister feel that this reduction may have been the result of his recent visit to the United States?

Mr. Pearson: I am sure the United States will be very worthily represented at this exposition.

NATIONAL PARKS

CONSIDERATION OF NEED FOR INCREASE IN NUMBER

On the orders of the day:

Mr. P. V. Noble (Grey North): This is a question for the Minister of Northern Affairs and National Resources. In view of the fact that next week the Minister will be meeting with the ten provincial resource ministers to discuss a national water policy, will he consider the desirability of bringing to the attention of that assembly the necessity for more national parks for Canada?

Hon. Arthur Laing (Minister of Northern Affairs and National Resources): Mr. Speaker, that matter may be discussed.

Inquiries of the Ministry

WATER RESOURCES

BRITISH COLUMBIA—INQUIRY AS TO SPRING RUN-OFF

On the orders of the day:

Mr. H. W. Herridge (Kootenay West): I wish to address a question to the Minister of Northern Affairs and National Resources. It will be of interest to all Members of the House but particularly to those Members who come from British Columbia. In view of the unusually heavy snowfall in many portions of British Columbia during the past winter, and in view of reports that the snowpacks at higher levels are above average, has the Minister any information he can give the House as to the run-off to be expected in British Columbia rivers this summer?

Mr. Speaker: May I suggest to the hon. Member that this is a question for the order paper, important as it may be.

IMMIGRATION

TORONTO—CONSIDERATION OF STATUS OF DUANE DOYLE

On the orders of the day:

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, I wish to address a question to the Minister of Citizenship and Immigration, a copy of which I sent to the hon. gentleman this morning. In view of the fact that in several instances the Government has denied landed immigrant status to printers from outside of Canada working as strike-breakers in the plants of the Toronto daily newspapers, will the Minister check the case of Mr. Duane Doyle, on whose behalf I am told the Toronto *Daily Star* is pressing for landed immigrant status?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): I thank the hon. Member for having given me notice of this question. While I cannot admit that the Toronto *Star* has been pressing the Department, I can assure the hon. Member I will look into the matter at once.

INQUIRY AS TO WHITE PAPER AND AMENDMENT OF ACT

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 Citizenship and Immigration. In so doing perhaps I am being non-political, because I want to preface my question by stating that in the 12 years I have been in the House of Commons this is the first Minister to give immediate ministerial attention to problems brought to his attention, and I want to thank him for it.

Some hon. Members: Hear, hear.

Mr. Winch: And I really mean that, Sir. I should like to ask the Minister of Citizenship and Immigration if and when, in view of the announcement made in the Speech from the Throne, it is his intention to produce a white paper on the changes in the Immigration Act. If not, when does the Minister anticipate introducing the amendments, promised for so many years by previous Ministers and which we hope he will fulfil?

Hon. J. R. Nicholson (Minister of Citizenship and Immigration): Mr. Speaker, first of all I should like to thank the hon. Member for his kind words about me. In answering his question I can say that we have already done a great deal of work on the white paper. We have now reached the stage where I find it difficult to keep up with the volume of material which is coming over my desk. I hope we will be able to finish the white paper so as to lay it before this House within a matter of approximately three months. After it has been distributed it will be referred to a committee for consideration.

Mr. Winch: A supplementary question. Would it be sent to a special committee of this House, a joint committee or a standing committee?

Mr. Nicholson: I cannot say at the moment. It may well be a special committee, but it will likely be a committee of this House, which will have full opportunity to study the material in the white paper and to invite representations from chambers of commerce, boards of trade, labour organizations, agricultural organizations, ethnic groups and others interested in this important matter.

INQUIRY OF THE MINISTRY

On the orders of the day:

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I should like to direct a question to the Prime Minister, and I am sorry that I did not give him any notice.

Inasmuch as the hockey season is over and the time is near for picking up players on waivers, is it true that the Prime Minister is planning to exchange the Minister of Forestry for Premier Jean Lesage of Quebec?

[*Text*]

BROADCASTING

RECOMMENDATION RESPECTING RADIO STATION CJOR, VANCOUVER

On the orders of the day:

Mr. Harold E. Winch (Vancouver East): In view of the fact that it is now several weeks since the Board of Broadcast Governors had made a recommendation to cancel the licence of radio station CJOR in Vancouver, can the Minister say whether he has yet reached a decision in connection with this matter and, if so, upon what basis he has reached that decision?

Hon. J. W. Pickersgill (Minister of Transport): I think the hon. Member appreciates, as do all other hon. Members, that the licence was not suspended immediately, and in view of some very difficult legal questions which are involved in this matter I am still giving consideration to the recommendation I should make to my colleagues. I intend to give it as much attention as I can and to reach a conclusion as soon as I can.

Mr. T. C. Douglas (Burnaby-Coquitlam): In view of the fact that there are a great many people in the lower mainland of British Columbia who feel very strongly that the present holders of this licence for radio station CJOR should be allowed to continue, will any public hearings be held in the area so the public may be given an opportunity to express their views on this matter?

Mr. Pickersgill: Certainly there will be no public hearings held by the Minister of Transport, Mr. Speaker, and I think if there are to be any public hearings held, they would have to be held by the Board of Broadcast Governors, which was entrusted by Parliament with this kind of duty. This is precisely one of those questions to which I am giving such consideration as I can. The situation, I am told, is unprecedented, and I think it is very important that whatever is done should be done carefully, according to the law and with a due regard for natural justice.

Mr. Douglas: Then may I direct a supplementary question to the Secretary of State, Mr. Speaker, and ask him whether the Board of Broadcast Governors are planning to hold any hearings in the lower mainland in order to ascertain the views of the general public, many of whom have enjoyed the programs on radio station CJOR and would like to express their views with regard to the possibility of the present holders of the licence being able to continue.

Hon. Maurice Lamontagne (Secretary of State): Mr. Speaker, I will be very glad to get the views of the B.B.G. on this question.

Mr. Winch: A supplementary question to the Minister of Transport, Mr. Speaker. In view of the urgency of this matter, could I ask the Minister whether in his consideration of the recommendation of the Board of Broadcast Governors regarding cancellation, consideration is being given to the fact that Mrs. Chandler, who is a 55 per cent owner, holds dual citizenship, Canadian and American?

Mr. Pickersgill: Mr. Speaker, I do not know that this particular point had come to my knowledge. I am not absolutely sure that at first blush its relevance is entirely clear to me. But I will look into that, among the other considerations. I may say that before reaching any conclusion it is my intention, even before discussing this matter with my other colleagues, to discuss it with my hon. friend the Secretary of State.

Mr. Winch: This matter is of major importance, Mr. Speaker, because my understanding is that an American citizen cannot have a majority ownership in a radio station. That is the reason I ask the Minister whether he has taken this matter into consideration.

LABOUR CONDITIONS

UNION PARTICIPATION IN DISCUSSIONS RESPECTING SHORTAGE OF MINERS

On the orders of the day:

Mr. David Orlikow (Winnipeg North): Mr. Speaker, I should like to direct a question to the Minister of Labour, notice of which I gave yesterday. I would like to ask the Minister whether the United Steel Workers of America made representations to him that they would like to sit in on the discussions of the Canadian Metal Mining Association with respect to manpower problems; and if they have, whether they were invited to sit in, as the Minister promised me in April they would be; and if not, why have they not been invited to participate?

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, this question arises from a meeting which the Metal Mining Association requested with the Minister of Mines and Technical Surveys as a normal exchange of views. In the course of that meeting, which

was attended by at least one official of the Department of Labour, the industry expressed certain views about the manpower needs of the mining industry. Subsequently at the meeting information was given out that led to the objection of the Steel Workers. The meeting was requested by the Metal Mining Association. We are quite happy to meet with the United Steel Workers at any time to discuss questions. As a matter of fact, just this week I had a meeting with representatives of the Steel Workers on another matter, and would be glad to discuss manpower needs with the organization at any time.

Mr. H. W. Herridge (Kootenay West): Mr. Speaker, I have a supplementary question with respect to the first chapter of the book of answers given by the Minister. Would the oldest metalliferous mining union in Canada, the International Union of Mine, Mill and Smelter Workers, also receive an invitation to attend this meeting or meet the Minister on this subject?

Mr. MacEachen: Yes, Mr. Speaker. The necessity of meeting with this particular union is somewhat lessened by the frequent representations made on its behalf by my Parliamentary Secretary, a former member of that union.

Mr. Nielsen: Oh, boy.

Mr. Orlikow: Mr. Speaker, I have a supplementary question. The Minister did not answer the question I asked, which was, did the United Steel Workers of America ask to sit in on the meetings with regard to this specific problem of manpower needs in the metal industries? If they did, did they get a favourable answer? In view of the answer given by the Minister I just want to quote one line from an answer he gave on April 6 to this very question, when he said:

> If they wish to participate and express their views, we will be delighted to co-operate with them.

That was more than a month ago. What has happened?

Mr. MacEachen: Mr. Speaker, to my knowledge no meetings have taken place since this particular question was asked.

Mr. Orlikow: Have they asked?

Mr. MacEachen: The Steel Workers have expressed their views about this particular meeting to which I have already referred and about which I think a misunderstanding developed, because it was not a meeting that had been requested by the Government to discuss manpower policy with the employers to the exclusion of the union; it was an interview requested by the Mining Association and attended by Government officials.

SOCIAL INSURANCE

PROSECUTIONS RESPECTING FAILURE TO OBTAIN NUMBERS

On the orders of the day:

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I should like to reply to a question asked by the hon. Member for Red Deer, followed by a question from the hon. Member for Quebec-Montmorency, with respect to social insurance numbers.

The Ontario Teachers' Federation have expressed no views formally to the Commission with respect to this project, but a number of Ontario teachers have submitted application forms to acquire social insurance numbers. No prosecutions have been launched against teachers or school boards for their failure to seek numbers, because such individuals are not covered by unemployment insurance at the time of registration and accordingly would not be obliged to register except on a voluntary basis.

The case referred to by my hon. friends involved the failure of an employer to register his employees, as is required under the Unemployment Insurance Act. For that reason court proceedings have been recommended by the Department of Justice.

[*Translation*]

Mr. Guy Marcoux (Quebec-Montmorency): Mr. Speaker, I have a supplementary question for the minister as regards the second of the answers he just gave. Yesterday he was also asked whether it was true that the Department of Labour had brought no charge other than the one against Canada Week Limited.

[*Text*]

Mr. MacEachen: I think that is correct, Mr. Speaker, because to my knowledge no other employers have failed to comply with the law.

LABOUR RELATIONS

VICTORIA, B.C.—RESTRICTION ON EMPLOYMENT ON AIRPORT CONSTRUCTION

On the orders of the day:

Hon. A. J. MacEachen (Minister of Labour): Mr. Speaker, I should like to answer a question asked recently by the hon. Member for Esquimalt-Saanich with respect to a labour

dispute at the Victoria Airport. This situation arose from arrangements within the collective bargaining agreement between the employer and the unions which is, of course, a matter under Provincial jurisdiction. There is no policy on the part of Federal Departments which would have the effect of upsetting these collective bargaining arrangements. May I advise my hon. friend that the dispute is settled and the matter has been cleared up. The subcontractor involved presumably has decided to respect the collective agreement about which apparently he had not been fully informed.

• (12:00 noon)

THE SENATE

ESTABLISHMENT OF RETIREMENT AGE FOR SENATORS

Hon. G. J. McIlraith (for the Prime Minister) moved the second reading of Bill C-98, to make provision for the retirement of Members of the Senate.

Mr. Speaker: Is it the pleasure of the House to adopt the said motion?

Some hon. Members: Agreed.

Some hon. Members: No.

Mr. McIlraith: Mr. Speaker—

Mr. Speaker: Did I hear one hon. Member say no?

Mr. Churchill: The Minister has risen to speak.

Mr. McIlraith: Mr. Speaker, there is not much which can be added by way of explanation of the Bill on second reading which was not said at the resolution stage of the debate on April 26 and 27. The Bill involves one very simple question of principle, and it is a very specific and narrow point which is at issue.

The question of principle involved is simply whether a member of the Senate will be eligible to hold his place after attaining the age of 75 years. Therefore on the question of principle there is not a great deal which needs to be developed one way or the other because of the very nature of this specific and narrow point. This question of principle involved in the Bill is dealt with in three different ways, as will be seen from an analysis of the Bill. Of course the specific provisions will be discussed in detail when the House goes into Committee of the Whole to deal with the clauses in the Bill.

The first part of the Bill merely provides that a Senator who is summoned to the Senate after the coming into force of this Bill will be eligible to hold his place in the Senate only until he attains the age of 75 years.

The second part of the Bill changes the provisions of the Members of Parliament Retiring Allowances Act, which heretofore was applicable only to Members of the House of Commons, and provides that Senators appointed in the future shall contribute under that Act and be eligible for pension on the same basis as Members of the House of Commons.

Part 3 of the Bill merely provides that any present member of the Senate who has attained the age of 75 years may retire and receive an annuity equal to two thirds of the salary he is paid as a Senator.

It will be seen, then, that the scheme of the Bill is quite simple, and I would think this is the practical and realistic way to deal with the subject in a fair way to all. I say this because the Senators presently in the Senate have been appointed under the provisions of section 29 of the British North America Act, which states simply that:

> A Senator shall, subject to the Provisions of this Act, hold his Place in the Senate for Life.

Anyone who was appointed to the Senate heretofore would have the right to expect that provision to be carried out, it being originally enacted in the B.N.A. Act in that form.

I do not know, Mr. Speaker, whether there is much more I need deal with at this stage of the Bill, because as I indicated at the commencement of my remarks the principle involved is a very narrow and specific one, namely whether or not Senators shall be eligible to hold their place in the Senate after having attained the age of 75 years.

Mr. R. W. Prittie (Burnaby-Richmond): Mr. Speaker, I notice that the Bill is in the name of the Prime Minister, and I realize he is a very busy person, but it is disappointing that he is not in the House during the discussion of this Bill. I am wondering whether the ex-University of Toronto history teacher is so ashamed of this type of bill that he does not want to be around during its discussion.

On rereading the debate at the resolution stage of the Bill, Mr. Speaker, I noted that the motives of the members of the New Democratic Party in advocating abolition of the Senate were questioned by two Members, the hon. Member for Edmonton West and the hon. Member for Edmonton-Strathcona. I should like to refer briefly to what they said. First, the comments of the hon. Member for

Edmonton West, which are reported at pages 417 and 418 of *Hansard* for April 26. The hon. Member said:

> Mr. Chairman, in opening my brief remarks this afternoon I have found that there have been some rather widesweeping condemnations of the other place, and I am just wondering whether those remarks would have been quite as sincere if some representatives of the parties in question had themselves been members of the other place. I think that some of the criticisms made of the other place are quite equivocal, and it is because there are particular hobby-horses or axes to grind that we hear such sweeping condemnations.

The hon. Member for Edmonton-Strathcona had this to say, as reported at page 422 of *Hansard* for April 26:

> I think they honestly believe that any legislative body in this country upon which their Party is not represented must lack virtues which most of us feel are most important, if not essential, in any legislature.

There is implied or suggested there that if we had members in the Senate we would not make these criticisms; that if we had the opportunity to have members in the Senate we would not offer such criticisms.

In this regard I would remind hon. Members that in the past Mr. M. J. Coldwell was given an opportunity to become a member of the Senate. I remember that the Prime Minister in a television interview earlier this year mentioned the fact that Mr. Coldwell had had the opportunity for a Senate appointment at one time. I also believe that Mr. Claude Jodoin was offered a Senate appointment a number of years ago.

This perhaps does not prove the case, but I suggest that this matter can be put to the test again. My colleague the hon. Member for Kootenay West (Mr. Herridge) has announced that he will shortly retire from this House after 20 years' service. I suggest to the Prime Minister that perhaps he should offer him a place in the Senate. I say that because I am certain the hon. Member would refuse. If the Prime Minister wants a further test, he could in fact go down the line and offer each member of this party an appointment to the Senate and we would each refuse.

• (12:10 p.m.)

Some hon. Members: Oh, oh.

Mr. Prittie: I suggest that the Prime Minister could put it to the test if these arrangements were made.

Some of the discussion during this debate has revolved around personalities and the type of individuals appointed to the Senate. I recall on the last day of the hearings of the joint Parliamentary Committee on the Canada Pension Plan one Member of the Government party saying something to the effect that he came to Ottawa with certain ideas about the Senate, but after watching the work performed by some of them at the joint Parliamentary Committee hearings he had changed his mind. I agree with the hon. Member that there were some very useful contributions made to that Committee by members of the Senate. I am also aware of the fact that there are some very valuable and intelligent Senators who have done some excellent work particularly in Committees, but I suggest this kind of discussion is quite beside the point.

I suppose that Senators are similar to Members of the House of Commons in that they vary in ability and in diligence in respect of attending the House and committees. That is also beside the point. Even if the Senate was composed of the very best people in the country, without exception, I still believe that the Senate stands condemned in the Canada of 1965. Our attention should be focused on the fact that in this age in Canada we have a body which has powers almost equal to the powers of the House of Commons, except for the right to introduce money bills; yet this body is not elected and not responsible to the electorate in any way.

I doubt very much if an upper chamber is necessary for the proper governing of this country. We seem to get along very well in nine of the ten Provinces without one. In the tenth Province the powers held by the upper chamber are now in question, and the Government of that Province is moving to reduce those powers considerably. Our sister dominion, New Zealand, abolished the upper chamber a number of years ago. Where upper chambers do exist they are either elected, as in the United States and in Australia or, as in the case of the United Kingdom, the chambers have very little power. I think before very many years the powers of the House of Lords will be further reduced, and I suggest that before the end of this century that chamber will be abolished.

I have very grave doubts as to whether in this day and age we need an upper chamber at all. If there is to be one, surely it ought to be responsible to the electorate in some way, as in the case of Australia. In Canada we have the worst of all possible situations, with a body which is powerful, so far as the constitution is concerned, but which is not responsible to the people in any way at all.

The Bill before us is not a reform bill, but one which merely makes provision for future retirement of Senators, with a clause which

would allow the Senators of today, if they so choose, to avail themselves of this retirement opportunity. I am not sure that I agree with the principle of the Bill. In fact I think it is rather ironic that some of the very best members of the Senate today are over the age limit contemplated by the Bill. I do not intend to mention names, but there are some outstanding people beyond the contemplated age limit.

Nevertheless, Mr. Speaker, this Bill really is not a reform measure, and we are very disappointed with the Liberal Party, which for years has advocated a change in the Senate; because this minor change is all that is being presented at this time. Surely the Government should have come up with something more specific if what the Liberal Party has said about Senate reform is really what it meant.

If one looks at the speeches made during the debate on a private Member's bill presented last year by the hon. Member for Winnipeg North Centre, and the speeches made during the resolution stage, he will see that neither the Liberal nor the Conservative Parties are really concerned about Senate reform. They are completely out of touch with Canadian public opinion on this subject. Last year when we were discussing the flag legislation many demands were made for a plebiscite. I am not one who believes in plebiscites, because Members of Parliament are elected to do a job, but I suggest that if we held one on the subject of the abolition of the Senate, a majority would be obtained.

Because of the fact that the Government has presented no reform bill the members of this party feel that this House should have the opportunity of clearly expressing itself on the subject of Senate reform. Our idea of Senate reform is abolition of that body. With that in mind I move at this time, seconded by the hon. Member for Winnipeg North:

That Bill C-98 be not now read a second time but that it be resolved that in the opinion of this House the Senate should be abolished.

Mr. Deputy Speaker: Order. Would hon. Members like to submit their views as to the acceptability of this motion for the guidance of the Chair?

Mr. Lloyd Francis (Carleton): Mr. Speaker, on the point of order which is raised by this motion, by accepting this motion we would in effect be acting in a unilateral manner. I do not believe such a motion can be entertained within our constitutional practice. Certainly our ability to entertain such a motion within our practice is questionable, particularly when there has been no reference to the Provinces and no reference to a federal-provincial conference. The motion says nothing in that regard, and I submit it goes beyond the scope of the constitutional authority of this House.

Mr. Stanley Knowles (Winnipeg North Centre): Mr. Speaker, with great respect to my friend the hon. Member for Carleton I disagree completely with the argument he has advanced. The amendment proposed by the hon. Member for Burnaby-Richmond does not finalize the abolition of the Senate; it simply calls upon this House to express the opinion that the Senate ought to be abolished.

If this House did express that opinion then, of course, an attempt would have to be made to go through the legal steps necessary to give effect thereto. May I remind you, Sir, that on several occasions amendments to motions to go into committee of supply, and to other measures, calling for the abolition of the Senate, have been moved and voted on in this House. I have to admit that they have all been turned down, but to my knowledge and within my memory the House of Commons has on several occasions voted on the question whether or not in the opinion of the House the Senate ought to be abolished.

• (12:20 p.m.)

Mr. Moreau: You are trying to destroy our British tradition.

Mr. Knowles: The hon. Member for York-Scarborough really floors me with the profundity of his remark. May I also draw your attention, Mr. Speaker, to citation 382 in Beauchesne's fourth edition. This citation is in a group of paragraphs relating to what is appropriate at the second reading stage of a bill. Citation 382 reads as follows:

It is also competent to a Member who desires to place on record any special reasons for not agreeing to the second reading of a bill, to move as an amendment to the question, a resolution declaratory of some principle adverse to, or differing from, the principles, policy, or provisions of the bill—

That is the relevant part of citation 382, but just to put it all on the record perhaps I should finish reading it.

—or expressing opinions as to any circumstances connected with its introduction, or prosecution; or otherwise opposed to its progress; or seeking further information in relation to the bill by committees, commissioners, the production of papers or other evidence or the opinion of judges.

As I have said, Mr. Speaker, the part of citation 382 that is relevant is the first part, the part I read before I interrupted myself. I suggest that if you examine the amendment proposed by the hon. Member for Burnaby-Richmond you will find that it comes completely within the provisions of the first part of citation 382, and I would add it is in line with many such amendments that have been moved to the second reading of bills over the years.

My hon. friend wishes to place on record reasons for not agreeing to the second reading of the bill, and I may say that Speakers have ruled from time to time that if a Member moves such an amendment to second reading he must be opposed to the bill. The hon. Member for Burnaby-Richmond is opposed to the bill. In that circumstance he is entitled to move as an amendment a resolution declaratory of some principle adverse to or differing from the principles, policy or provisions of the bill. That is exactly what my hon. friend's amendment does. He states clearly that he is opposed to the bill. He does not want it to be given second reading. Instead he wants the House to express itself on a resolution which declares a principle that is different from the one proposed by the Government. As a way of dealing with the Senate the Government proposes to bring in a compulsory retirement age of 75. My hon. friend proposes as an alternative that we deal with the Senate by asking the House at this stage to express its opinion in favour of its abolition.

When Your Honour invited comment from the floor with regard to whether the amendment was in order I was not sure what question might be in your mind. I thought there might be one relating to the fact that I have a bill on the Order Paper, Bill No. C-54, an act to amend the British North America Act, 1867, abolition of the Senate. I wondered whether you might contend that because that bill is on the Order Paper this amendment is not in order at this time. The answer to that, of course, is found in citation 131 of Beauchesne, fourth edition. It is a lengthy citation but I need to read only the first sentence:

> In determining whether a discussion is out of order on the ground of anticipation, regard shall be had by Mr. Speaker to the probability of the matter anticipated being brought before the House within a reasonable time.

My private member's public bill is Bill No. C-54. Its present position is item No. 52 on the list of private members' public bills, and I am afraid the chances of its being reached in this session are somewhat remote. Therefore, in the light of the whole of citation 131, it could not be used to block the presenting of this amendment at this time.

As I say, Mr. Speaker, had I thought you would raise any question about this amendment I would have looked up the number of times this kind of motion has been moved as an amendment to motions to go into supply. I submit to the hon. Member for Carleton that on previous occasions the House has had the free right to express its opinion as to what should be done, which is quite a different question from trying to abolish the Senate by a bill that goes through only one House. Obviously that could not be done. That is not what is before us. In the light of the wording of citation 382 what is before us is a resolution embodying a declaration of principle that we think the House should consider.

Hon. J. W. Pickersgill (Minister of Transport): I should like to put a question to the hon. gentleman. I am not rising to speak on the point of order. Has the hon. gentleman given consideration to whether citation 382 should be read as referring to the declaration of some principle that it is within the scope of Parliament to carry out? The principle that it is sought to embody in this resolution is something that is clearly beyond the scope of the Parliament of Canada under the constitution as it now exists. Therefore, just at first blush it would seem to me to be beyond the scope of the bill.

The hon. gentleman is such an expert and I am so inexperienced in these matters that I would be interested to have his view with regard to whether it is envisaged, when a Member moves that a bill be not now read the second time but that some principle opposed to the bill be asserted instead, that the amendment should be something that it is within the capacity of the House to be opposed to and is intra vires of the House. Clearly what the hon. gentleman proposes to assert is not.

Mr. Knowles: Mr. Speaker, the first comment I must make is that this is the second time today that the Minister has had a first blush, but in reply to his question may I point out that the Senate is provided for by the constitution of Canada, and in order to abolish the Senate the constitution of Canada would have to be amended. It has been amended a number of times. Even this

bill proposes an amendment of the constitution with respect to the Senate, and if amending the constitution in any particular is something that is beyond the power of this Parliament to enact it is still something that could be achieved by sending a resolution to Her Majesty to place the necessary amendment before the Parliament at Westminster. Therefore I submit, to use the Minister's own language, that it is intra vires of the rights of Parliament to deal with this issue. Whether or not we can get the members of the other place—

Mr. Pickersgill: I think the hon. gentleman is ranging far beyond the rather narrow question I put to him. The question I put, the only question in which I was interested and the only question with which it seemed to me His Honour would be concerned, was whether one can seek to assert something that is beyond the scope of the bill. The scope of the bill is something that is clearly within the purview of the amendment to the British North America Act of 1949, but I would say that the abolition of the Senate was quite clearly not within the purview of that amendment. Therefore it does seem to me that this resolution seeks to declare something that is beyond the scope of the bill.

• (12:30 p.m.)

I am just posing that as a question. I really do not have a fixed view on the matter, but I thought we ought to have the hon. gentleman's considered views on it.

Mr. Knowles: Mr. Speaker, surely citation 382—

Mr. Deputy Speaker: Order. May I suggest to hon. Members that at this stage it is not proper for them to engage in debate by an exchange of views between two or three. I suggest that the views of individual Members having been given for the guidance of the Chair, the Chair should be given an opportunity to make a ruling.

Mr. Knowles: Did I not still have the floor, and did not the Minister ask me a question before I sat down?

Mr. Deputy Speaker: My recollection is that the hon. Member for Winnipeg North Centre got up a second time. This is the third time he has participated in the debate. Certainly I have no objection to hearing his views at this time because this is a very important point, and I am sure the House will want to grant him a chance to put his views in a final way before the Chair.

Mr. Knowles: All I am doing is answering the question which the Minister of Transport has put, and he quite frankly says he poses it tentatively, without any fixed point of view. I suggest that citation 382 makes it very clear that at this stage a Member can give any reason for not agreeing to second reading of the bill, and can suggest his reasons in an amendment that discloses a difference in principle to the proposal by the Government.

I suggest that on a bill to amend the British North America Act with respect to the Senate it would hardly be appropriate to have an amendment dealing with the price of potatoes in Prince Edward Island, but surely if the proposal before the House has to do with the Senate then citation 382 gives the right to present an amendment declaratory of some principle differing from the way of dealing with the Senate which has been proposed by the Government. I submit that the amendment is within the terms of amendments that have been moved to second reading of bills throughout the years.

Mr. Orlikow: I would like to say on this that it has been suggested—

Mr. Deputy Speaker: I suggest to the hon. Member for Winnipeg North that the Chair has heard all the relevant evidence and citations, and according to the Standing Orders the Chair can at this stage be satisfied in its own mind as to the attitude to be adopted by it, and render a decision.

The point made by the hon. Member for Winnipeg North Centre is, of course, of great interest. He suggests that the motion proposed by the hon. Member for Burnaby-Richmond is a reasoned amendment, and he refers to citation 382 of Beauchesne. My suggestion to the hon. Member is that this citation does not allow an amendment that goes beyond the terms of the bill presently or at any time before the House, and I subscribe to the argument submitted by the Minister of Transport. In other words, even in the case of a reasoned amendment, the rules of relevancy must still apply, and I refer hon. Members to citations 203(1) and 203(3) of Beauchesne's fourth edition which, reading at page 171, state:

> It is an imperative rule that every amendment must be relevant to the question on which the amendment is proposed.

And:

> An amendment setting forth a proposition dealing with a matter which is foreign to the proposition involved in the main motion is not relevant and cannot be moved.

Retirement Age for Senators

The sixteenth edition of May, at pages 416 and 417, states:

The fundamental rule that debate must be relevant to a question necessarily involves the rule that every amendment must be relevant to the question on which the amendment is proposed.

The question before the House is referred to in the title of the bill before the House, Bill C-98, "An Act to make provision for the retirement of members of the Senate." This, of course, shows the very narrow limits of the bill before the House, and I suggest that even though the principle in the amendment is contrary to the principle of the bill that we have before us, this does not make it acceptable ipso facto: The motion still has to be consistent with the rules of relevancy. For this reason I must with regret refuse to accept the amendment proposed by the hon. Member for Burnaby-Richmond.

Mr. Prittie: Mr. Speaker, with deference and respect I must appeal your ruling.

Mr. Deputy Speaker: The House has heard the decision of the Chair from which the hon. Member for Burnaby-Richmond has appealed to the House.

All those in favour of sustaining the decision of the Chair will please say yea.

Some hon. Members: Yea.

Mr. Deputy Speaker: Those opposed will please say nay.

Some hon. Members: Nay.

Mr. Deputy Speaker: In my opinion the yeas have it.

And more than five Members having risen:

Mr. Deputy Speaker: Call in the members.

And the Members having been called in:

• (12:50 p.m.)

Mr. Deputy Speaker put the question as follows:

The question before the House is an appeal from the Speaker's ruling.

To the motion for second reading of Bill No. C-98, an Act to make provision for the retirement of members of the Senate, the hon. Member for Burnaby-Richmond proposed in amendment thereto the following:

That Bill No. C-98—

Some hon. Members: Dispense.

Mr. Deputy Speaker: Shall I dispense?

Some hon. Members: Dispense.

Some hon. Members: No.

Mr. Deputy Speaker:

That Bill No. C-98 be not now read a second time but that it be resolved that in the opinion of this House the Senate should be abolished.

[Mr. Deputy Speaker.]

The amendment having been proposed by the hon. Member for Burnaby-Richmond, the Chair ruled that the proposed amendment be declared out of order in that it proposed to introduce a subject matter that was foreign to the provisions of the Bill under consideration. Whereupon the hon. Member for Burnaby-Richmond appealed to the House from the decision of the Chair.

The House divided on the question: Shall the Speaker's decision be sustained? And the decision of the Chair was sustained on the following division:

YEAS

Messrs:

Addison
Badanai
Basford
Batten
Beer
Benidickson
Benson
Berger
Bigg
Blouin
Byrne
Cadieux (Terrebonne)
Cantelon
Cantin
Cardiff
Caron
Chatterton
Choquette
Churchill
Clancy
Coates
Crouse
Cyr
Danforth
Deachman
Drury
Dubé
Émard
Fleming (Okanagan-Revelstoke)
Forbes
Foy
Francis
Gelber
Gendron
Gordon
Gray
Habel
Haidasz
Irvine
Jorgenson
Konantz, Mrs.
Lachance
Laing
Lamontagne
Leduc
Legault
Lessard (Lake St. John)
Macaluso
Macdonald
MacEachen
MacLean (Queens)
MacNaught
Macquarrie
MacRae
McIlraith
Madill
Marcoux
Martineau
Matheson
Monteith
Moreau
Muir (Lisgar)
Mullally
Munro
Nicholson
Nielsen
Noble
O'Keefe
Olson
Otto
Ouellet
Patterson
Paul
Pepin
Pickersgill
Pilon
Rapp
Regan
Ricard
Richard
Rinfret
Rock
Ryan
Rynard
Southam
Stenson
Stewart
Tardif
Teillet
Temple
Tucker
Valade
Vincent
Wadds, Mrs.
Walker
Watson (Châteauguay-Huntingdon-Laprairie)
Webb
Willoughby
Woolliams—99.

NAYS

Messrs:

Barnett
Boutin
Brewin
Cameron (Nanaimo-Cowichan-The Islands)
Dionne

Douglas	Perron
Gauthier	Peters
Grégoire	Plourde
Knowles	Prittie
Latulippe	Webster
Martin (Timmins)	Winch—18.
Orlikow	

Mr. Deputy Speaker: I declare the decision sustained.

Mr. Pennell: Mr. Speaker, I was paired. Had I voted, I would have voted to sustain the ruling.

Mr. Lloyd: I was paired, Mr. Speaker. Had I voted, I would have voted to sustain the ruling.

[*Translation*]

Mr. Lessard (Lake St. John): Mr. Speaker, I intend to take part in this debate but may I call it one o'clock?

[*Text*]

Mr. Deputy Speaker: The hon. Member for Carleton.

Mr. Francis: 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. Deputy Speaker: Perhaps I should be allowed to mention that although the hon. Member for Carleton (Mr. Francis) did call it one o'clock the reason I recognized him was that the Chair was under the impression that the hon. Member was rising on a matter connected with a vote which had just been taken. I suggest that the hon. Member for Lake St. John (Mr. Lessard) should be recognized at this time.

[*Translation*]

I therefore recognize the hon. member for Lake St. John.

Mr. Marcel Lessard (Lake St. John): Thank you, Mr. Speaker. At any rate, my remarks on Bill No. C-98, intituled "An Act to make provision for the retirement of members of the Senate", shall be very brief.

Mr. Speaker, when I first got interested in federal politics, some five or six years ago, like many Canadians, like the average citizen, I was wondering what was the true technical and political role of the Senate.

Obviously, it has a fine part to play from a technical point of view. In fact, it has lived up to its obligations and has been efficient on several occasions. However, it seems that for some time now the Senate has not been playing its true part. That is why the general public and even some senators and members of parliament are under the impression that the Senate should therefore be abolished.

Mr. Speaker, before abolishing the Senate I think it would be advisable that hon. members ask themselves what changes should be made so that the Senate may recover all the prestige it used to have.

After having studied the Senate, I believe like many other citizens, that its role is that of a moderator, an expert, a consultant and, in some cases, even that of a judge.

If we want the Senate to fulfil the duties assigned to it when it was created at the beginning of confederation, in short, if we want the Senate to settle the problems submitted to it, only people qualified in the economic, cultural and social fields of our country should be appointed Senators.

Mr. Speaker, the fact that Senators have been appointed on a political partisanship basis was probably the greatest mistake and the main reason why that honourable and august body lost the prestige it enjoyed in the past.

One of the functions of the members of the Senate is to protect minorities. It is one of their most important functions. We may ask if they played that role; we may wonder if they showed any authority in that field.

For instance, if we consider how our French speaking compatriots were treated outside the province of Quebec I wonder if the constitution under which they had been appointed custodians of the rights of the minorities had also granted them executive powers to protect the rights of minorities.

In fact, some time ago this made me wonder whether it would not have been desirable for the constitution to grant them a controlling right over education within the provinces.

If one refers to the debates which were held in the Senate when the governments of Manitoba and Saskatchewan abolished the teaching of French in those provinces, one can see that well-meaning and honest senators could not act effectively on that occasion, because education falls strictly under the jurisdiction of the provinces, which prevented them from expressing the viewpoint of the federal government and protecting as they should have done, according to their functions, the rights of the minorities.

Mr. Speaker, there are those who would like the Senate to be abolished altogether. Of

course, if some people wish that this legislative body be a mere gathering of partisan politicians, whose only purpose is to protect the interests of their political parties, then I would agree that the Senate should be abolished. But I think—

Mr. Deputy Speaker: Order. I must interrupt the hon. member for a moment to remind him that the house decided by a vote this morning that the question of abolishing the Senate went beyond the scope of the measure now before us. Therefore, I would suggest that he restrict his comments to the provisions of the bill itself.

Mr. Lessard (Lake St. John): Mr. Speaker, I shall comply with your decision. I was only referring to the abolition of the Senate in passing and I do not think I strayed too much from the scope of the discussion when I mentioned the possibility of doing away with the Senate.

The measure now before us advocates a reform of the Senate—at least, they call it a reform—but I think that the proposed changes amount to a very limited reform.

Under the circumstances and speaking in my own name, I feel we must endorse the government's proposal because one of the major objectives which would be attained following the limitation of senators' age would be a certain turn-over among members of the house.

• (2:40 p.m.)

In my opinion, when an hon. member has spent a few years here, and particularly in the Senate, he has made known all his views and he has few new arguments to bring forward. I, for one, consider that the role played by the Senate and by the senators is that of moderators. Some people would like to see very young men appointed to the Senate. As far as I am concerned I would be opposed to that; I would be in favour of a minimum age of 50 and, of course, a maximum age of 75.

Why? Because I consider that senators may be appointed on the basis of their knowledge and ability. I consider that the Senate is a place where ability in the various activities of the country must come as an inheritance, from knowledge acquired through experience in life.

In my opinion experienced men should be sought in various fields of activity so that, in a non-partisan way, they may be of some use to the Senate, the House of Commons and the Canadian people.

[Mr. Lessard (Lake St. John).]

It is an ideal place where men could impart their experience and knowledge to younger ones.

This is why I feel that we should maintain the Senate but alter its constitution to enable the various classes of our society to be well represented and put forward their opinions.

There is another point which I would suggest should be taken into consideration: appointments to the Senate should be made on a federal-provincial basis. I understand that this would require another amendment to the Canadian constitution. But in that regard, I entirely agree with the suggestion of Messrs. Faribault and Fowler that 50 per cent of the senators should be appointed by the federal government and 50 per cent by the provincial governments. Thus, the views of the various provincial governments and of the federal government would be well represented. This would have another advantage, Mr. Speaker, in that there would be automatically an emulation of some sort between the different levels of government so that the most outstanding representatives, the better qualified men, would be appointed to Ottawa where they would assert with an outstanding efficiency the views of their respective provinces.

I am convinced that the province of Quebec would delegate its best men here and that the other provinces would do the same. Thus, the federal government, not to be outdone, would be bound to call upon the best brains of our generation so that we would have in the Senate truly brilliant men instead of fading lights as is the case for many of them.

This would, in my opinion, be the best reform that could be brought about in the Senate.

For instance, the province of Alberta, which has had a Social Credit government for 30 years, has never been represented in the Senate. Saskatchewan had a socialist government for 18 years and it has no representative either in the Senate. That does not seem logical to me because I think those people could have made a positive and efficient contribution to the business of the upper house.

Some people claim that if there are only old people sitting in the Senate, they will have little inclination to represent the ideas of the younger generation.

Why, Mr. Speaker, am I in favour of appointing to the Senate only people who have reached at least 50 years of age? It is because I want a man to give his full measure in life until he is 50; then he can retire and give younger people the benefit of his

experience. If people under 50 have more advanced ideas, more dynamic or even more revolutionary ideas, it is in this house, in this House of Commons, that they will have a right to put them forward if they are elected by their constituents. Later on, if they are appointed to the Senate, they will be more enlightened men, more matured and experienced, who will be able to play their part as moderators and see to it that certain pieces of legislation advocated by a group of young and inexperienced persons be amended to take into account past experiences and provide for a sound balance in the future.

There is another point I should like to make. I think that senators should not hold any office as directors in Canadian companies, corporations, etc. While those people may be very honest they are sometimes caught in a conflict of interests. I think that a person who is appointed as senator should relinquish immediately any other office in any company or corporation so that he cannot be in the situation of having to choose between the interests of the country and those of a small group in which he may have personal interests. I think there is complete incompatibility between the position of senator and that of a director of a company, and I hope that the government, when other reforms are considered—or maybe it could be included in this bill—will make more progressive and positive amendments which will really give the Senate a better sense of responsibility and will improve the image of the Senate in the minds of the people. I am sure that if we made those few amendments we would give senators a real sense of responsibility, we would give them confidence in themselves and they would regain the respect of the people.

Mr. Gérard Perron (Beauce): Mr. Speaker, my few remarks with respect to Bill No. C-98 will be partly along the line of the remarks of my colleague from Lake St. John (Mr. Lessard).

May I refer to this part which deals with the appointment of senators or persons of the other house which, since confederation, certainly went through fairly drastic changes. Section 14 of the Address to Her Gracious Majesty, following the debate on the constitution, said this:

> The first selection of the members of the legislative council shall be made, except as regards Prince Edward Island, from the legislative councils of the various provinces, so far as a sufficient number be found qualified and willing to serve. Such members shall be appointed by the Crown at the recommendation of the general executive government, upon the nomination of the respective local governments; and in such nominations due regard shall be had to the claims of the members of the legislative council of the opposition in each province, so that all political parties may as nearly as possible be fairly represented.

Such were the meaning and the spirit of section 14 of the Address which was a prelude to the Canadian constitution and to the appointment of the legal authority in Canada, composed of a governor general, a Senate or a federal legislative council and the House of Commons.

My colleague from Lake St. John precisely mentioned a while ago that it had become for many years a kind of political reward, I would even say, the Hall of Fame in politics.

However, those who are named in the Halls of Fame in the field of sport and who see their name inscribed on a plaque, have distinguished themselves by athletic feats during their career, contrary to what happens in the other place. As a matter of fact, appointments to the Senate should not be made principally as a reward to those who have held a political office for some years, or for services rendered to such and such a political party.

Such appointments should be based on the competence, knowledge and the services that those persons might have to offer to society, either through their knowledge of the law or of the economic and political situation throughout the country.

Section 14 which provided that such appointments take into consideration the opposition group in the various parliaments would indeed have allowed governments having been in office for 25 or 30 years in some provincial legislatures, to appoint to the other place competent persons holding political views on the economic and political future that would have made them more useful, no doubt, to the Canadian nation than the recent appointees.

Bill No. C-98 advocates voluntary retirement at 65 years of age and compulsory retirement on pension at 75 years of age, since it provides a specific amendment to the Senate and House of Commons Act for payment of a pension to these people on retirement at 75 years of age, and I wonder whether this is not another means for the two main political parties to create vacancies, inasmuch as some people having reached the age of 65 or 75 years and now sitting in the other place are no longer as active and no longer as able to render as much service, from the political point of view, as they were at the time of their appointment.

This would allow them to retire, not, as I heard the other day, when we were discussing old age pensions, with dignity, but with a handsome reward, that is a pension of $8,000 to $12,000. Such vacancies would allow the party in office, as happened in the case of some appointments made by the Conservative party when it was in office, to name young senators who were very active in politics, who could continue to render tremendous services not so much to the Canadian people as to the political party having appointed them.

Therefore, I find Bill No. C-98 a very timid effort at Senate reform. There is a host of very able Canadians engaged in business, there are many associations and movements of national scope who find that it costs a lot to retain a senator who is no longer very active and who, in their views, will not contribute much from the legislative point of view, although he may still, through his influence, be of service to the political party which appointed him.

Some talked of drastic measures, such as the abolition of the Senate; others advocated rather weak reforms as insignificant as those contained in Bill No. C-98.

I wonder if one can really take seriously that legislation, that amendment to the Senate Act in order to pay that pension. I wonder if it is more serious to be on the side of those here who ask for a drastic reform and would be inclined to ask for its abolition. I feel it is more serious to lean that way than to waste time trying to make people believe that a drastic reform of the Canadian Senate is involved. Besides, public opinion is strongly in favour of the abolition of the other house.

In Quebec a bill was presented recently to limit drastically the powers of that province's Legislative Council.

I wonder if, in a Parliament made up of 265 representatives elected by the people at elections held every four years, it would not be possible to find the elements needed to ensure a political and economic continuity that could lead this country to its fullest development, as regards the prosperity and security of the people, and to maintain, because such was the wish expressed in the Canadian constitution, a Senate to protect minorities that could be subjected sometimes to a strong current of public opinion against their rights.

I believe that the minorities in Canada today, because of the bill of rights, are less and less in need of the protection afforded by the Senate. To obtain justice nowadays, minorities need the other place less and less as my colleague from Lake St. John said, if the Senate was meant to protect the minorities, that institution surely did not prove itself too useful, throughout its long years of service, as regards the rights of minorities in Canada. Canadian minorities are not against the abolition of the Canadian Senate, the institution we call the other place.

If the Senate appointments are only a political recognition for services rendered, I wonder if we should go on thus recognizing people who, in most cases, have already benefited from their political position to a very large extent. In fact, most of them at a given time were considered as leaders in the Canadian economic field because of their directorates in several large companies and may often have directed their way of thinking not towards the pursuit of the common good but in the interests of a given group, or to protect their own group. If I look back on the appointments made in the last 50 years, I find that a large number of the appointees held as well a most important position in the economic sector of the country and often upheld the interests of certain companies, which was often in their own interest, through the power and influence they exercised because of their position in the other place.

So, as far as appointments are concerned, let no one tell us that the reform contemplated in Bill No. C-98 is the answer to the needs and wishes of the Canadian people. The people seriously believe in a reform of the structure of the other place, the Senate, in the matter of appointments and dealings which, in many cases, have been going on for many years. As far as appointments are concerned, we have given our views—some were given out in public—and it is that 50 per cent of the appointments should be made by the federal government and 50 per cent by the provincial governments.

• (2:50 p.m.)

There again the danger of a strictly political influence would exist. My colleague from Villeneuve (Mr. Caouette) has introduced a measure to revise the Senate Act. In my opinion, the aims of this bill reflect the consensus and might be accepted by a great number of members.

I am now making a suggestion that could be fully looked into, namely, that a third of the Senate members—since we want to maintain this institution—could be appointed by the federal government; a third could be appointed by the provincial governments and the other third, by national organizations.

As a matter of fact, there are many representative organizations in our country. There are the Confederation of Canadian Workers, the Farmers' Association, the Farm Producers' Association, the Association of Canadian Industrialists and the Chambers of Commerce which represent all Canadian businessmen and industrialists. In order to complete the link between some political groups which could use their influence toward the appointment of senators, members of the third parties could be chosen and appointed by the representatives of those various national organizations.

Mr. Speaker, before concluding my remarks, I would point out that the reform provided for in Bill No. C-98 is not important enough to make us lose much of our time in considering it. I only hope that this contemplated reform does not become another smokescreen to have the public believe that this measure brought down by the Liberal party constitutes a far reaching reform of the Senate, because we do not believe that such a timid reform can be labelled as far reaching as the one which is being suggested by other members of this house, that is, the abolition of the Senate.

• (3:00 p.m.)

[*Text*]

Mr. Lloyd Francis (Carleton): Mr. Speaker, I think we saw just before the noon recess a little bit of fallout from private members' hour in regard to this bill. I have always been interested in remarks of the chief spokesman for the N.D.P. party in this House, and in particular in regard to Bill No. C-54. It so happens that 92 private bills have been submitted this session, and 42 of them come from his own party. This meant that Bill No. C-54 of the hon. Member for Winnipeg North Centre (Mr. Knowles) has become trapped in the large number of bills submitted by his colleagues, and the result was the attempt to adjourn this debate along lines which Your Honour properly ruled out of order.

I am very proud, Mr. Speaker, to arise in support of the measure the Government is now putting before the House, but not without some considerable reservations with respect to the nature of the debate that has taken place to date.

By tradition our Parliament has three branches, the sovereign represented by a Governor General, the Upper House and the Lower House. This was the original symbolism of the three maple leaves which the provinces of Upper and Lower Canada adopted before confederation; but when some Members of this House speak in disparaging terms about individuals in the other place, which certain members have done—I am not suggesting they all have—this in turn reflects on Parliament itself.

It reflects on our own constitution. Our constitution has changed a great deal throughout the years. It is changing now. Changes are not always a matter of formal legislation, or bills of rights, or documents which can be pinpointed at any one period of time. I wonder, for example, how many Members of the House are aware that a Prime Minister of this country once sat in the other House, Sir Mackenzie Bowell—

Mr. Pickersgill: Two of them—the other was Abbott.

Mr. Francis: I had not been aware there had been two and I accept correction from the Minister of Transport (Mr. Pickersgill). But in December 1894 Sir Mackenzie Bowell was then a member of the other place. He became Prime Minister and he never sat in the House of Commons for the entire period of 16 months. I am sure, incidentally, his record has not been judged to be one of the most successful in this office.

Mr. Orlikow: Putting it pretty mildly.

Mr. Francis: But by the same token I think it was an indication of the high regard in which members of that place were held at that time.

Mr. Orlikow: Maybe they deserved it at that time.

Mr. Deputy Speaker: Order.

Mr. Francis: The hon. Member says they deserved it then.

Mr. Orlikow: I said maybe.

Mr. Francis: Let us look at the entire record in terms of what we are doing. Surely the measure before us today is a very important and necessary first step. It will have the effect of reducing the average age of members of the other house and bring about the retirement in future of a good number of members who have not been contributing, despite some very able and conspicuous exceptions for whom I have the highest regard. But surely this is the first step toward reinvigorating the other place and having it play a more permanent and active role in the conduct of Government.

Mr. Orlikow: It may take 1,000 years.

Mr. Francis: I have listened to hon. Members opposite and tried to understand and summarize the points they have made in debate. They have made the observation that the other place was to represent minorities, whether they were linguistic, racial or geographic minorities. They made the observation that it was to take the sober second thought—I think it was Sir John A. Macdonald who used that expression first—on the legislative processes to check impetuous legislation which might be enacted by Parliament.

Others have said in very derogatory terms that the institution of the Senate provides an opportunity for the Government of the day to make changes in its ranks by retiring—as they put it, and this is a more kind expression—Members who had served their time in the House of Commons. Then we have had a series of comments reflecting on the services, real or alleged as the case may be, to the various party organizations by appointees to the Senate.

I have listened to some of the proposals for reform that have come forward. They have been far ranging indeed. For example, the hon. Member for Oxford (Mr. Nesbitt) said we should have some Members of the Cabinet in the other place. He elaborated on the parliamentary and cabinet system in the United States and felt that by taking a proportion of Cabinet Ministers from the other place we could have the best of both worlds, having some members chosen on the basis of their ability and others on the basis of their seats in the representative House of Commons.

We have seen another proposal to have provinces name members to the other place, or to have provincial-wide elections with a slate of Senators from each province.

Many of these proposals if adopted, and in the terms offered, would of necessity involve a fundamental change in the nature of our cabinet. To choose hon. members of the other place this way would have, as a corollary, greater responsibility in the Cabinet itself. It would mean that the proportions of the Cabinet between this House and the other House would have to be carefully examined within the complex framework of the delicate balances that have to be observed within our constitution and parliamentary practice, and would make the task of choosing the cabinet very difficult. This does not mean to say that such suggestions are not worthy of merit, and maybe ultimately some of them will have to be considered.

[Mr. Francis.]

Among objections to the other place have been three that I have been able to sort out. The first is the general lack of activity. But surely the measure now before the House to bring about an infusion of younger members, a greater proportion of them into the Senate, would go some distance to meeting that objection.

The second objection is that the Senate is not elected, and on principle many Members object to something that is not elected. The process of government, certainly in a democracy, must give primary responsibility to elected representatives. But the Civil Service is not elected. There are very many people serving important and useful roles in government who are not elected, who are selected and appointed, and there are a very wide variety of tasks, which are a very important part in the government of this country, that could be conducted by the other place if the opportunity were presented.

The third basic objection which I have heard—and this does not make me worry too much—is the charge that certain hon. members of the Senate have displayed most deplorable conduct in matters of conflict of interest. Conflict of interest in many situations is totally wrong. I for one do not like to hear of a situation where certain hon. members of the other place sit in on judgment of bank charters and appear to be motivated by personal reasons in approaching their decisions. If anyone believes conflict of interest is exclusively a problem of the Senate, he should think again. Think of the Province of Ontario. Look at the investigation going on into the Securities Commission of that Province where Members of the Commission staff and their immediate families are now facing accusations of a serious kind. Consider the Province of Saskatchewan which was ruled for a number of years by Members belonging to the party in the corner opposite. Again, conflicts of interest arose which resulted in proceedings before the courts. There is not a Member in this House who has served on a municipal council who cannot recall instances of conflict of interest at the municipal level.

There was an interesting item in yesterday's Ottawa *Citizen*. It referred to something which took place in the Province of Quebec; but similar examples could be given from any other province. This happened in Deschênes, a village which apparently has a one-man police force, and it seems that the property owners had a little quarrel with this one-man police force. I am quoting.

• (3:10 p.m.)

Chief Dubeau, besides being the only member of the force in the municipality, also drives his own taxi cab, owns a general store and a restaurant.

A female neighbour who lives next door to his restaurant on Champlain Street near St. Jean de Baptiste Street said he continually plays the juke box too loud, disturbing her sleep. But she can do nothing about it.

"Who do you suggest I call to complain about the noise?" she asked.

More discussion revealed that the building which houses the restaurant had been condemned several years ago, but again Chief Dubeau himself would be the person to enforce the condemnation if in fact it can be enforced.

Still more discussion by Mayor René Paulin, four aldermen, and the homeowners' group, revealed that it is probable the restaurant is in a strictly residential zone, and that no building permit had been issued for its construction.

Again, Chief Dubeau would have to arrest Chief Dubeau.

Mayor Paulin promised he would look into all facets of the complaints, including whether or not it is proper for the chief to wear his uniform while tending store customers.

And so the story goes. Conflict of interest is one of the problems and perils of Government at every level not only in Canada but throughout the democratic world.

Mr. Deputy Speaker: I hesitate to interrupt the hon. Member for Carleton, but—

Mr. Francis: I was merely seeking—

Mr. Deputy Speaker: Order, please. Would the hon. Member kindly resume his seat? I realize he is making a point about conflict of interest in the other place, but I cannot help wondering how it is related to the bill which is before us now, an Act to make provision for the retirement of members of the Senate at a certain age. May I suggest to the hon. Member that he relate his remarks to the principle of the bill now under discussion?

Mr. Francis: The point I was making is that surely every elected body faces this problem. Conflict of interest is not a problem which calls for abolition; it calls for the reinforcement of the institution itself by bringing new blood into it by steps such as the measure before this House proposes today, and for that reason I support it.

May I suggest a number of the very useful things which, I have observed from my experience of this place, are done by members of the Senate in such a way as to make an important contribution to the Government of this country? In recent years we have had a very high turnover of members of this chamber in the course of election campaigns. The elections of 1957 and 1958 brought about a turnover of very substantial proportions and the elections of 1962 and 1963 did the same. A Parliament which experiences a rapid turnover in its membership suffers corresponding dislocation. Even the most conscientious of new Members have to learn the procedures; they have to learn the customs and the rules; they have to learn a good deal about the processes of Government itself and how the institution functions. They are appointed to committees, more or less haphazardly to start with; then they make a choice according to their interest and talents. This is a procedure which takes time. I think a good deal of the difficulty of this 26th Parliament arises not only from the fact that it is a minority Parliament but that we have such a large proportion of Members who are relatively new and inexperienced in parliamentary procedure.

Among those who have been available to give counsel and advice to new Members, explain the rules and extend a helping hand in a friendly way, are members of the other place. It is difficult for me to name individuals and I hope certain members of the other place will recognize that by not naming them at this time I am not in any way reflecting on them. Parliament is in many ways a competitive place and to a considerable extent each Member is on his own. Each is concerned about his own constituency, about the performance of the group to which he belongs and about the dignity of Parliament as a whole. The role of members of the other place in making a contribution based on their experience, their knowledge and their background is something which should not be minimized.

In the fall of 1963 I had the honour and privilege of being part of a delegation which represented Canada at the Commonwealth Conference in Malaysia, a country which now faces serious internal and external difficulties. The head of our delegation was Senator Donald Cameron, who is very active indeed. He is not a man who identifies himself closely with parties and politics but he is a man who has given a great deal of conscientious service to Canada, and he has given continuity to the delegations which represent us at commonwealth conferences, at the United Nations and in many other areas. I am told that at the United Nations men such as Senator D'Arcy Leonard and Senator Yuzyk have made outstanding contributions.

In the course of this debate some hon. Members, particularly the hon. Member for

Winnipeg North Centre (Mr. Knowles) acknowledged the contribution which the Canada Pension Plan committee, a joint committee of the Senate and the House of Commons, made to the preparation of this legislation. This committee held 51 meetings. It met many times during the Christmas recess and on a number of occasions it sat three times a day. Members of the Senate were conscientious in their attendance. I can think of many names: Senator Fergusson, the co-chairman; Senator Croll, one of the original members of the committee which sat in 1950 to make the proposal on which an old age security plan was based; Senator Hugessen; Senator McCutcheon, whose views I did not share but whose ability in understanding all the issues was beyond question. Such members of the other place made an outstanding contribution to the work of the Committee. There have of course been other valuable Senate committees on land use, employment, old age, and so on. In these and other directions I believe a good deal of necessary work for the development of parliamentary business can be done.

A good deal has been said about some of the recent appointments to the Senate. Unfortunately I have not had the privilege of getting to know many of these men. I know one, who was a classmate of mine. All I can say is this: the men I have met are men in the most able years of their lives, capable men who have had outstanding records in the fields they chose before they entered the public service. They have also made a contribution or rendered a service, perhaps, of some nature to their party. I do not think this in itself disqualifies them. They will be judged on their record in the Senate and as Members of Parliament in the broadest sense of the word "Parliament". Surely the appointment of such men does not deserve the kind of condemnation in such outlandish terms as we have heard.

Perhaps the answer is that there should be more balance in the selection of background when persons are chosen to go to the other place. One of the speakers who preceded me said there had never been a member of the socialist group which governed Saskatchewan appointed to the Senate. Well, I seem to recall that Mr. Coldwell was offered an appointment at one time and that he chose to decline it. I may be wrong. If it has been a matter of principle with their party not to participate in the Senate, I respect them for their principles. But they cannot have it two ways. If the appointments are offered, and they choose not to accept them, they cannot complain about no appointments being made.

• (3:20 p.m.)

It is quite true that we should work out a basis of more non-partisan selection and balance of representation of Members of the Senate; but the most important thing is that we should select able, conscientious people who have an interest in public affairs and are prepared to devote their time to them.

Mr. Knowles: Mr. Speaker, would the hon. Member permit a question? Did I understand him to say that we were complaining? None of our people have been complaining about not being appointed to the Senate. I think it was the hon. Member for Lake St. John (Mr. Lessard) who complained. We do not complain; we do not want to go there.

Mr. Francis: Mr. Speaker, I wish to thank the hon. Member for Winnipeg North Centre (Mr. Knowles) for making quite clear the point I was making myself. I said that I respected them if it was their desire not to accept an appointment to the Senate; but I simply said it is not for any minority party to say that they have not a representative in the Senate when they have declined to accept such an appointment as a matter of principle.

The Acting Speaker (Mr. Batten): The hon. Member for Antigonish-Guysborough (Mr. Stewart).

Mr. Francis: I have not finished yet, Mr. Speaker.

Mr. Knowles: The Speaker thought you had gone to the Senate.

Mr. Francis: I do believe that in regard to the measures which are proposed it might be worth consideration if some limitation on retirement age could be made for those who elect to take the pension, which will be of the order of $8,000 a year. I would think that such an election should be made fairly promptly, about the 75th birthday, and should not be an election left open at any age or any stage of the career of a member of the other place.

The Canadian Senate is to a considerable degree what Parliament makes it. In previous years it had a higher proportion of active members and it had a higher regard, apparently, in the eyes of many people in the community. The present measure, long overdue, is a very welcome step to bring into its ranks a higher proportion of younger and

more active members who can make a contribution. The contribution to be made is potentially a very great one. As has been pointed out, at least theoretically a very great degree of power resides in the Senate; a power which the Senate has chosen, wisely in many instances, not to use. But I suggest there is a very great role, and an important one, to be played by the other place in providing continuity of committees. An elected legislature has on occasion a very large turnover in terms of the proportion of its members. The Senate can provide a continuity from one Parliament to another. It can give a great deal of assistance, primarily of the type that does not hit the headlines, to newer Members of Parliament who come to a very busy institution. It can participate in representing Canada abroad at the United Nations, and in many other places, recognizing the growing role which we have in the eyes of other nations as a middle-rank power. I prefer to see this measure adopted as the first step. This is a measure of reform. How we will develop from this stage will depend upon the customs and usages of the Canadian Parliament itself.

Mr. J. B. Stewart (Parliamentary Secretary to Secretary of State): Mr. Speaker, the matter treated in Bill No. C-98 has brought on a far-ranging discussion. The bill is simple enough. In essence it provides that persons hereafter summoned to the Senate shall retire at 75 and that persons who are now Senators who are, or become, either 75 or permanently disabled may retire with an annuity.

In this discussion, Mr. Speaker, the N.D.P. has rushed to one extreme. They have demanded the total and immediate abolition of the Senate. I shall not discuss that extreme view because the relevance of it to the debate now going on was settled this morning; it is not relevant to this debate. But we may assume that if this alternative were not available to the members of the N.D.P., they would propose some far-reaching and radical alteration in the Senate. It has been argued, as the hon. Member for Burnaby-Richmond (Mr. Prittie) reminded us, that this N.D.P. extremism is caused by the fact that no member of the N.D.P. is now in the Senate, nor can have a reasonable hope of being summoned. I think that explanation is inadequate. There are at least two more serious reasons why the N.D.P. wants to see the Senate either abolished or very extensively changed.

The N.D.P. dreams of a time when it has a majority in this House. One Member fondly imagines a day when he, as Prime Minister, will bring in a measure to nationalize the iron and steel industry. Another yearns for a day when he, as Minister of Industry and Energy, brings in a bill to nationalize the gas, oil, coal and hydroelectric resources of this country.

Mr. Orlikow: This has been done already.

Mr. Stewart: Yet another has his own plans for clinics and hospitals. These gentlemen fear that when their bills have passed this House, they will be rejected by the Senate. Consequently, the N.D.P. now proposes to deal radically with the Senate. They sought today to bring forward an amendment proposing that the Senate should be abolished.

Mr. Knowles: Hear, hear.

Mr. Stewart: Mr. Speaker, I am glad to hear the hon. Member for Winnipeg North Centre (Mr. Knowles) indicating that I have hit the nail on the head.

Second, the N.D.P.—whether consciously or not, I do not know—more and more has come to espouse a primitive congressional theory of government. One has only to read what the hon. Member for Winnipeg North Centre said, as reported at pages 412 and 413 of *Hansard*, about the resolution preceding this bill, to detect this approach. He contends that political theory allows no place in the governmental process for persons not selected by the electorate. Naturally, he has no use for an appointed Senate.

As I listened to the hon. Member the other day I was reminded of a famous American professor who always introduced his own views by beginning, "Sound political theory teaches that . . ." The theory put forward by the hon. Member is only one theory. It is not the only theory of representative constitutional government. Moreover, his is a theory that has rarely, if ever, been successful in practice. But be that as it may, the point is that the hon. Member's insistence that the Senate be abolished is perfectly consistent with his theory. It is the logical product of his conception of representative government. At the other extreme we find those who would have Senators come to Ottawa as the delegates of either the several provinces or the people in those provinces.

Mr. Knowles: Mr. Speaker, would the "professor" permit a question?

Mr. Stewart: Yes, Sir.

Mr. Knowles: Would he say that the legislatures of nine of the provinces of Canada which do not have an Upper House are not successful parliamentary bodies?

Mr. Pickersgill: That just depends.

Mr. Stewart: Mr. Speaker, I do not think we have to turn to the legislatures of the various provinces to deal with this point. The hon. Member has been contending that in representative government the right to make decisions arises only through the electoral process. We know very well, as the hon. Member for Carleton (Mr. Francis) pointed out earlier, that this is a pretty serious misconception of what goes on even in a unicameral system of government. For example, take the matter of elections. We know very well that some of the most important decisions in the electoral process are made at nominating conventions, or even prior to nominating conventions, when people are canvassed as to their willingness to let their names go forward.

• (3:30 p.m.)

Mr. Peters: The Liberal party, for example.

Mr. Stewart: I know what went on in my part of Canada when the N.D.P. was wandering around looking for candidates.

At the other extreme we find those who would have Senators come to Ottawa as the delegates of either the several provinces or the people in the several provinces. It is not surprising at all there should be Social Credit support for this theory. What is amazing, Sir, is to find both the hon. Member for Oxford (Mr. Nesbitt) and the hon. Member for Skeena (Mr. Howard) proposing that the Senators should sit in Parliament as representatives of provinces. On April 27 the hon. Member for Oxford, as reported at page 635 of *Hansard,* said:

> Instead of being based on the recommendations of the Prime Minister to His Excellency, the Provinces should be able to appoint certain Members to the other place.

That view was enunciated again today by the hon. Member for Lake St. John (Mr. Lessard) and to some extent by the hon. Member for Beauce (Mr. Perron). If the hon. Member had lived in the United States in 1913 he would have opposed the seventeenth amendment to the United States constitution, which in that year abolished precisely this method of selecting the United States Senate. The hon. Member for Skeena is, of course, a radical. He prefers the post-1913 United States

example. On April 26 he suggested that we should get rid of the Senate—I am quoting from his remarks reported at page 421 of *Hansard*—

> —as an appointed political body, and elect 10 members to it from each Province, so that all Provinces would have equal representation in it.

Closely coupled with these proposals for new ways of recruiting the Senate have gone proposals for increasing the role, and thus the power, of the Senate.

What this second extreme view ignores is that our system basically is a system of responsible government. The Ministry is responsible to the House of Commons and is dependant on a majority for support only in the House of Commons. The Senate has extensive rights under the constitution, but for various reasons those rights are not exercised. The inevitable result of having Senators appointed by the provincial governments or popularly elected in the several provinces would be an increase in the genuine power of the Senate. In that situation, to accomplish its purposes a Ministry would have to satisfy a majority in each of the two Houses. No Ministry can be answerable effectively to two masters. Those who propose to reform the Senate threaten our system of responsible government.

It is not at all surprising that the topic of Senate reform has been a delight to those who, like the hon. Member for Burnaby-Richmond (Mr. Prittie), take an institutionalist approach to the academic study of politics in Canada. Here we have a chamber with rights under the constitution so great as to appear inconsistent with responsible government. Here we have a chamber that declines to exercise those rights. Both these facts are offensive to the institutionalist, so, regardless of reality, he contrives what he calls "reforms".

We need not resort to the early American theory of "sober second thoughts" to justify the continued existence of the Senate. We need not resort to the cup and saucer theory. When George Washington was asked whether or not he thought the Congress of the United States should have two chambers, he replied: "I do indeed. I believe in cups and saucers. I pour my tea when it is too hot into the saucer so that it can cool". I think we need not turn to the cup and saucer theory to justify the existence of the Senate, because the accuracy of the theory of the sober second thought is at least uncertain.

What is clear, however, is that Prime Ministers are given a valuable degree of flexi-

bility in the making and remaking of their Cabinets by reason of the existence of the Senate. The Senate serves as one of the attractions, all too few in our system, drawing men and women into public life. By its mere existence it deters the spread of the dangerous doctrine of primitive congressionalism.

Mr. Prittie: Your High Commissioner votes too, you know.

Mr. Stewart: Those valuable functions of the Senate would still be performed if the rights of the Senate were modified, in line for example with the provisions of the Parliament Act, 1911, as amended in 1949. It is conceivable that at some future date this House should take the time to examine the need for such a modification. But, Sir, the conflict between socialism and the Senate is far from imminent. We need not try to anticipate it now, nor indeed for many years to come; and I use those words only so as not to be too discouraging to Members of the New Democratic Party.

Even the bitterest critics of the Senate would not insist that the other place is so outrageous in its conduct that at this very moment we should put aside for weeks all other business to deal with the great constitutional issues raised by some of those who have spoken on this bill. The bill under debate, despite all that has been said about it, is a recognition of the general rule that beyond a certain age a man's capacity for public affairs decreases.

The hon. Member for Winnipeg North (Mr. Orlikow), as reported at page 426 of *Hansard*, said:

> I should like to say on behalf of the Members of this group that not only will we oppose this resolution but that I hope, indeed I expect, that we will fight the Bill when it comes in, clause by clause.

Mr. Orlikow: Hear, hear.

Mr. Stewart: I would appeal to him to change his mind, though evidently from his interjection he is not likely to do so.

Mr. Orlikow: That is right.

Mr. Stewart: I appeal to him and to the other Members of the N.D.P. to abandon their last ditch approach. Their approach is all too reminiscent of the position taken by the most obstructionist opponents, the "backwoodsmen", in the House of Lords, when the Parliament Bill of 1911 was before that august body.

I refer now to an editorial which exactly sums up the situation which confronts us. It appears in the *Chronicle-Herald* for Wednesday, April 28. Commenting on what was said by the Leader of the Opposition (Mr. Diefenbaker), the *Chronicle-Herald* said:

> Mr. Diefenbaker asserts that the legislation is a "sham", even while the Bill differs from that which he introduced when Prime Minister in April, 1962, at one point only. At that time Mr. Diefenbaker would have forced the retirement of Senators then serving. The present Bill, on the other hand, applies to future appointees only; it gives present senators over 75 the option of staying on, or of retiring with a substantial pension.
>
> The new approach, in our opinion, is realistic. It is certain, moreover, that not many years will elapse after its passage before the goal of an age limit of 75 is reached.

Members of the N.D.P. may be worried that they might be neglected by this newspaper; but they can rest assured that they have not been overlooked, for the editorial goes on:

> As for the New Democrats, they persist in their time-worn cries of abolition. Mr. Knowles has submitted his usual bill to this end, although it must be remarked that Mr. Howard, demonstrating once again the confused front that party often puts up in the Commons, now advocated an elected Senate, with 10 members from each province.

This editorial concludes, as I do now, Sir, by stating that this bill is both reasonable and suitable to the circumstances. It states that this bill does not deserve time-consuming opposition at a time when other, more pressing matters await parliamentary attention.

• (3:40 p.m.)

If you will review, Sir, the time expended on the debate at the resolution stage, you will find that the Government took up something less than 10 minutes. If you review what has been said today you will find that hon. Members on the Government side of this House have taken up something less than one hour of the time of the House.

Mr. Peters: Do not apologize.

Mr. Stewart: We have before us a bill which proposes a reasonable adjustment to the Senate Act. I realize that this does not please Members of the New Democratic Party who wish to see no change at all, year after year after year, if they cannot have their own way. They are whole-hoggers. My request is simply that hon. Members of this House realize how reasonable this Bill is and co-operate in the passage of it without further delay.

Mr. David Orlikow (Winnipeg North): The hon. Member has taken his theme from the suggestion that it only took the Government

ten minutes to introduce this bill. In view of the many years of discussion about Senate reform, which has resulted in this so-called bill for Senate reform, I am surprised it took even ten minutes.

There has been a good deal of criticism both in this House and in the other place about some of the things which have been said about this bill. Some of the members of the other place woke up from their slumber long enough to attack the hon. Member for Port Arthur (Mr. Fisher) because of a speech he made in relation to this bill. The Member for Port Arthur quoted extensively from an article written by Mr. Peter Newman, who is well known in this country for his undeviating support of the Liberal Party. Mr. Newman hates the former Prime Minister and has no use for the group to which I belong, so he has no alternative but to support the Party now in power.

In the article from which the hon. Member for Port Arthur quoted, Mr. Newman referred to the appointments made by prime ministers, name by name, pointing out their qualifications, and concluded that the main qualification, if not the only one, of a Senator was that he had distinguished himself as a collector of funds for the Liberal Party. Was Mr. Newman wrong in this suggestion? Was the hon. Member for Port Arthur wrong when he read these suggestions into the record? If these gentlemen are wrong, why have we not heard a repudiation? We have not heard one, so we must assume that the suggestions are accurate.

Is there anything wrong with being a collector of finances for a political party? I have collected money for my party and I am not ashamed of it, although I do not like the job. There is nothing wrong with being a collector for the Liberal Party or any other party.

Mr. Peters: We did not promise you a Senate seat.

Mr. Orlikow: No, I was not promised a Senate seat and I would not have accepted one, in any event. We will come to that subject a little later.

Let me say in reply to those who criticize the statements made by the hon. Member for Port Arthur that I should like them to inform me what other qualifications the individuals to which reference was made have which make them deserving of a Senate appointment. I think it is incumbent upon hon. Members on the other side of this House to put the record straight. If the hon. Member for Port Arthur misrepresented the facts, let them say so.

Today for the first time we have heard a number of Members from the opposite side of this chamber speak on this proposed change to the Senate. I could not help but wonder how many of those preachers were preaching for a call, hoping that in the future they might be called to another place.

An hon. Member: Oh, oh.

Mr. Orlikow: Let me remind the hon. Member for Antigonish-Guysborough (Mr. Stewart) that just before we adjourned for lunch an hon. Member suggested that we in this party were anti-British. He demonstrated by that remark his complete ignorance of the British Upper Chamber. That is one body with which the Canadian Senate cannot be compared. The Canadian Senate has virtually unlimited power and can hold up legislation indefinitely. The British House of Lords can only hold up legislation from one session to another. The Canadian Senate is limited as to numbers whereas the British Prime Minister could recommend to the Queen tomorrow, if the House of Lords attempted to block his bill in respect of the steel industry, that 600 new members be appointed to that chamber in order that he would have support. Those Members who suggest that, because we are opposed to the great powers held by the Canadian Senate we are anti-British, display only an ignorance of the facts. We do not deny the fact that we are abolitionists, because we believe there is no need for a Senate in Canada, and that the Senate should—

The Acting Speaker (Mr. Batten): Order. I am sorry to interrupt the hon. Member but I feel that his remarks now go beyond the provisions of the bill before us. I am sure the hon. Member will recall that this House decided this morning that an amendment posed by an hon. Member in regard to the abolition of the Senate was out of order. I suggest to the hon. Member that his remarks now in regard to the abolition of the Senate are also out of order, and I would request that he confine his remarks to the provisions of the bill before us, which relate to the retirement of the members of the Senate.

Mr. Orlikow: Mr. Speaker, I should like to co-operate with you, but I note that the Chair did not restrict the hon. Members for Carleton (Mr. Francis) and Antigonish-Guysborough (Mr. Stewart) when they discussed

the position taken by Members of this party regarding the abolition of the Senate. I would ask the Chair to extend to me only the rights which have been extended to those hon. Members who spoke before me in this House. Nothing I intend to say will go any further than the remarks made by the hon. Members to whom I have referred.

The position taken by Members of this Party in respect of the abolition of the Senate, because as it is now constituted it is useless, is taken by many other people. Many other Members of this House agree with the position we are taking, and in this connection I should like to put on record some views expressed by an eminent newspaperman, known as a supporter of the Liberal Party. I have before me a series of articles reprinted from the Winnipeg *Free Press,* compiled in 1961 by Mr. Grant Dexter, who was a very able parliamentary correspondent and, as I have said, a very strong supporter of the Liberal Party. One paragraph of this compilation reads as follows:

> As it now exists and has existed since Confederation, the Senate is no more than a haven for party faithful. It is the most potent patronage in the gift of the Prime Minister. It is invaluable in solving Cabinet problems and problems in the majority party. Prime Ministers regard Senate appointments as indispensable to party management and discipline. That is why most have kept a few Senatorial seats vacant as incentives for party supporters, the theory being that every vacancy keeps several hopeful occupants hard at work or contributing to party funds. The reward, when it comes, is generous: a comfortable lifetime salary and expense allowance; an office and secretarial help; free railway transportation and occasional corporation directorships. But once having appointed persons to the Senate, prime ministers and their cabinets have no further interest in the Upper House other than as a possible future haven for themselves.

• (3:50 p.m.)

I suggest to you, Mr. Speaker, that nothing the hon. Member for Port Arthur or any member of our group has said is a more devastating commentary on the Senate than what I have just quoted.

Mr. Pickersgill: Would the hon. gentleman permit me to ask him a question?

Mr. Orlikow: Certainly.

Mr. Pickersgill: How does the hon. gentleman, who is a great exponent of social security, I believe, reconcile his views on that subject with the doctrine of abolition of the Senate which he is now espousing?

Mr. Orlikow: It is very simple, Mr. Speaker. I believe in social security for those who need it, for the poor. The Minister who is proposing this bill is proposing a wonderful scheme of social security for the rich Senators who do not need it. That is the difference.

An hon. Member: Oh, a means test.

Mr. Orlikow: Mr. Speaker, Professor R. H. MacKay, in an article which appeared in *Queen's Quarterly* in the autumn of 1964, had this to say about the Senate:

> The real reason why the Senate seems to be composed of nonentities, why it plays such a minor part in making public policy, is not the age of its members, nor their quality, nor life appointments, nor partisanship, but the fact that in an age of democracy the present Senate is largely an anachronism. The House of Commons can always claim to represent the people, and the government of the day the party which the people decided should hold public office. The Senate can make no such claim. Its fatal weakness is that it represents nothing larger than itself. Whatever its legal powers, it has thus no political authority, no mandate from the people as a whole, nor from the people organized by provinces, by municipalities, or any other political grouping. Senators can speak for nothing but themselves.

Professor MacKay is not an abolitionist, Mr. Speaker. I could go on and quote MacGregor Dawson and others. They all agree that the Senate as it is and as it has been for many years discharges no useful function. It seems to me that those Members of the House of Commons who are opposed to abolition can advance only three basic arguments. They can propose that the Senate as it is now constituted serves some useful purpose. We have heard very little on that score because I think Members of Parliament know that their electors simply would not believe it, since it is not true.

Second, they can advance the argument that the Senate should be reformed, and it has been suggested publicly that this measure is the first step in reform. I want to say that after some 40 years during which the Liberal party has talked about Senate reform, this is indeed a mouse which has been produced. It has been suggested privately, if not publicly, that the only reason this very minor proposal has been brought forward is that the Senate would have to agree, and they would not agree, so we cannot do much more that we would like to do. I recommend that those people who believe that should look at Bill No. 3 passed last year by the Legislative Assembly of the Province of Quebec. Bill No. 3 is in the name of a very good Liberal, Mr. Lesage. The title of the bill is "Quebec Parliament Act", and I quote

from the explanatory notes accompanying the bill:

> The object of this Bill is to restrict the powers of the Legislative Council over Bills passed by the Legislative Assembly.

Let me quote some of the sections, Mr. Speaker, because I think it is important that we put them on the record.

Mr. Pickersgill: Could the hon. gentleman tell us if that bill has passed both Houses?

Mr. Orlikow: I will come to that. I think there is a lesson the Minister could learn from what is happening in Quebec if he would have the courage to follow the convictions he is supposed to have. I quote the following sections:

> 1. If the Legislative Council does not pass without amendment, within one month, a money bill passed by the Legislative Assembly, the bill shall nevertheless be presented to the Lieutenant-Governor for assent and shall become law accordingly, unless the Legislative Assembly directs to the contrary.
>
> 2. All Bills for appropriating any part of the public revenue of the Province, or for imposing, altering or repealing any tax allocated to such revenue, or for legislating on any subordinate matter incidental thereto, are money Bills.
>
> 3. There shall be endorsed on every money bill when it is sent up to the Legislative Council and when it is presented to the Lieutenant-Governor for assent the Certificate of the Speaker of the Legislative Assembly signed by him that it is a money bill.
>
> 4. If a bill other than a money bill is passed by the Legislative Assembly in two sessions—whether of the same legislature or not—and, having been sent up to the Legislative Council at least one month before the end of the session, is there rejected each time, it shall nevertheless be presented to the Lieutenant-Governor for assent and shall become law accordingly, unless the Legislative Assembly directs to the contrary.
>
> This section shall not apply unless one year has elapsed between the date of the second reading of the bill in the Legislative Assembly in the first of those sessions and the date on which it passed the Legislative Assembly in the second session.
>
> This section shall not apply to a bill containing a provision to extend the duration of a legislature beyond five years.

I think I have given the key clauses of the bill. The Minister of Transport asks what happened to it, and that is a good question. I will tell him what happened. The Legislative Council, which is analogous to the Senate, amended a number of key provisions of the bill. What did Mr. Lesage do? Mr. Lesage did what the Prime Minister of Canada has not got the courage to do. Mr. Lesage is sending that bill with a message to the Queen asking that the bill be approved as originally drafted without the consent of the Legislative Council. But this Government does not have the courage to put through a real measure to reform the Senate because they do not want to fight the Senate. So we get the weasel-like kind of thing which has been proposed in this bill. That is the difference between the Prime Minister of Canada and the Prime Minister of the Province of Quebec. When the Prime Minister of the Province of Quebec makes up his mind—

[Mr. Orlikow.]

Mr. Regan: Premier.

Mr. Orlikow: Well, premier or prime minister. I will let the Members from Quebec educate the Member for Halifax as to the correct title. When the Prime Minister or Premier of Quebec decides to do something, he does not look for excuses not to act. He goes ahead and does it.

Mr. Walker: Would the hon. Member permit a question? I dislike breaking into his illogical argument, but I simply ask him whether he proposes to reform the Senate before or after he abolishes it?

Mr. Orlikow: It is obvious that the hon. Member for York Centre was not here when I began my speech or was not listening, because I made it very clear that in my opinion it is for the people who are opposed to abolition to make concrete proposals and to enact legislation which will reform the Senate. Since the hon. Member's party does not seem to have the ability to draft suitable amendments, may I suggest the kind of line they ought to follow?

Mr. Walker: May I ask a further question? Is this not comparable to making the prisoner healthy before you excute him?

Mr. Orlikow: Mr. Speaker, if the hon. Member thinks that the Senators should be executed, all right. I do not believe in execution, even of Senators. I am against capital punishment. I simply want to abolish the Senate and let the Senators go into retirement without bothering the people of Canada or Parliament.

• (4:00 p.m.)

A number of proposals have been made for reform in the Senate. For example, it has been suggested the Senate would be made more useful if Senators were to represent the provinces. Mr. MacGregor Dawson has stated this was the original contention following Confederation when plans were made for the establishment of a Senate. Since I do not believe in the Senate I do not intend to pursue that kind of thinking very far, but for those who do believe the Senate has

a useful function, the Government ought to look seriously at proposals made by many competent historians and political scientists to the effect that Senators ought to be elected from the provinces.

Mr. Regan: Where do they come from now?

Mr. Orlikow: What difference does it make if a broken down Liberal politician from B.C. is appointed to the Senate? Does the hon. Member for Halifax (Mr. Regan) really—

The Acting Speaker (Mr. Batten): Order. It is the opinion to the Chair that the House is getting well away from the principle of the bill before it, and I would wish to remind the House we are discussing the principle of a bill to make provision for the retirement of members of the Senate. I would hope that the House would remain within the confines of the bill before it. Again, I should point out that the principle of the bill has nothing to do with appointments to the Senate. It is a bill for the retirement of members of the Senate.

Mr. Peters: On the point of order, Mr. Speaker, is it not correct that we are on second reading of the bill, which is acceptance in principle, and therefore there can be no legitimate objection to alternatives being provided for the principle that you insinuate is in the bill? If there is any principle in it, then it appears to me any alternative to that principle should also be a debatable subject. Therefore I suggest that the alternatives to the principle in the bill may form part of second reading. In my opinion anything less would be completely negative of the whole process that in debating the principle of a bill there is the opportunity to suggest an alternative. If this were not true, then there would be no need for this discussion, and on second reading one could only vote against the principle of the bill. I suggest that democratically we have a right to suggest an alternative to the principle proposed by the Government.

Mr. Orlikow: On the point raised—

The Acting Speaker (Mr. Batten): Order. I recognize the argument which the hon. Member for Timiskaming (Mr. Peters) presented, but I should again point out to him that this morning the House voted that a discussion of abolition of the Senate was not relative to the point before the House. If the question of abolition is not relative to the point before the House, then I should have to argue equally strongly that the question of retention is not relevant. The bill before the House provides for the retirement of Senators, and I believe that the purpose of the bill and the principle of it are rather confined to narrow limits. I would hope those who continue to make remarks on the principle of the bill will recognize these limits.

Mr. Orlikow: Mr. Speaker, on the point you raise, may I point out with the utmost respect that the hon. Member for Antigonish-Guysborough quoted in some detail a suggestion made earlier by the hon. Member for Winnipeg North Centre in which he argued for abolition, and the hon. Member called that a form of primitive democracy, or something to that effect. The hon. Member for Carleton (Mr. Francis) discussed the position of his party on abolition, and I am asking for the opportunity to do no more than that. I shall be through in a minute.

I am not discussing the virtues of abolition, but surely we have before us a bill providing for Senate reform. And surely if a Member like myself thinks that the proposal for Senate reform does not go far enough, I have a right to explain in detail what I think should be done in the way of Senate reform, and to explain why I intend to vote against the bill. If I do not have that right, and if other Members do not have that right, then we have no right to put our points of view forward.

It seems to me that if those who believe in Senate reform, or those who talk so fervently about it, meant business, they would discuss this question of representation by the provinces, not representation by ex-politicians, by fund raisers and bagmen who do not represent the thinking of the provinces. I shall continue to oppose as vigorously as I can the principles espoused by those people who belong to one or other of the Social Credit parties. But Social Credit have been in power in Alberta for 30 years, and have been in power in B.C. consecutively longer than any other group. Surely if the Senate were to represent the views of the provinces one might expect there would be one single appointment of a Social Credit member. But the plums are too far and too few, and they have to be reserved for the Liberal Party when it is in power, and for the Conservative Party when it is in power.

There was a C.C.F. government in power for 20 years in Saskatchewan, but not a single representative of that party was appointed to the Senate and, to my knowl-

edge very few, with the possible exception of Mr. Coldwell, were ever proposed.

In Nova Scotia, from which the hon. Member for Antigonish-Guysborough comes, there is a Conservative government. Surely if the Senators were to do a job and somebody were to represent the views of the people of Nova Scotia in keeping with the way they voted during the last few provincial elections, there might well be found a person who happens to be a Conservative and who has enough ability to grace that august other chamber. But no, so long as this Government is in power vacancies will be filled in the usual way.

Mr. Stewart: May I ask the hon. gentleman a question?

Mr. Orlikow: Certainly.

Mr. Stewart: I should like to ask him if he did not follow the argument I made, to the effect that if Senators were selected by the provincial governments or by the electors within provinces, this would enhance the power of the Senate and inevitably cause a conflict with the principle of responsible government.

Mr. Orlikow: I followed the hon. Member's argument very carefully and I agree with a great deal of it, but when he finished I had to come to the conclusion that he is against abolition. He wants the Senate to remain, but he is against giving the Senate any power. What he wants is a group of some under-people who will come to Ottawa, be appointed for life and have the power to block any legislation they desire, but who will have no real contribution to make. There is no other alternative left—

Mr. Stewart: May I ask the hon. gentleman if he will promise to read my speech?

Mr. Orlikow: Let me tell the hon. Member he is one of the few Liberal Members who I think make suggestions that are worth listening to, and I will be glad to read his speech; but the fact is that he really offered nothing to explain the old custom in this country of appointing to the Senate the kind of people who have been appointed.

• (4:10 p.m.)

Mr. Pickersgill: Would the hon. Member permit a question? I believe he served on the Winnipeg school board and in the Legislature of Manitoba before coming to this House. Is he aware that most of the Senators since Confederation have been politicians, and does he really think politicians are unworthy to be appointed to a legislative body?

Mr. Orlikow: Of course not. I wish the Canadian people thought as highly of those who go into politics, whether municipal, provincial or federal, as they do of some others. After all, the important decisions in this country are increasingly made by government. But I believe politicians should be elected. I know the Minister really believes the Liberal Party has a divine right to be the Government at all times. But I believe that in a democratic system people have the right—and sometimes they exercise it—to defeat Members of Parliament or members of a legislature or members of a municipal council or a school board. What I do not like about the Senate is this, particularly when I look at the kind of people who have been appointed by the party on the other side: once appointed there is no control over them.

Mr. Pickersgill: I know the hon. Member is a fair minded man and that he would not wish to misrepresent my views. He has told the House he knows—and by what process he arrived at this conclusion he did not tell us—that I believe in the divine right of the Liberal Party to rule. Let me tell him this. I believe in the right of the Liberal Party to carry on the Government of this country only when it can get a majority—and that has happened to be most of the time during the 20th century. It seems to me the hon. Member might examine his own position in this connection because the Members of his party are the ones who generally in this House, I think, give the impression that they and they alone are divinely inspired. Well, at least they cannot get elected.

Mr. Orlikow: I hope, Mr. Speaker, that you are keeping a record of these questions and interruptions and not including them in my time. I did not deliberately misrepresent the views of the Minister of Transport and I do not think that what I said is really different from what he said. He simply put it differently. He thinks that nearly always, or most of the time anyway, the Liberal Party deserves the support of the people.

Mr. Pickersgill: Once again, the hon. Member has totally distorted my meaning. I said they had got that support. I did not say whether they had deserved it or not, I said they had got it. But it is an historical fact that since the C.C.F. Party was founded in 1932 they have never been able to secure the confidence of Canadians and that during the

period from 1932 onward the Liberal Party has been given it most of the time. And when we did not get it I sat on the other side of the House in good part and did my best to deserve it again.

Mr. Orlikow: I do not know why the Minister finds it necessary to interrupt me. I cannot deny that the people of Canada have elected supporters of his party to Parliament and that they have formed the Government all these years. He only substantiates what I have said, and what I continue to say. I may think the people of Canada are making a mistake, but as long as they wish to vote that way they have a right to do so.

My point is that as long as Members of Parliament are elected the people of Canada can, if they choose, decide not to re-elect them. If this Government is in power for another couple of years it will so pack the Senate that there would need to be a government of different political complexion for 25 years before the Liberal majority in the other place would disappear. That is what I object to, because I think it is completely contrary to the whole concept of democratic government.

If Members of the Senate are not to represent the provinces from which they come, then perhaps they should represent the various groups in the community.

Mr. Stewart: This is what is called "corporatism".

Mr. Orlikow: The hon. Member for Antigonish-Guysborough can call it what he likes. I think it is an interesting and sad fact that the number of Senators who have been active in farm organizations and who can speak for the farming community of Canada is very small. I may be wrong, and I speak from memory, but the only Senator I can think of who has any right to claim he represented the farmers of Canada is a Senator from my own province, Senator Crerar. But it is a long time since the hon. Senator spoke for anybody except the corporations on whose boards he now sits. It is a long way from the leader of the Progressive Party, which had an important and useful role to play in this Parliament, to the man who makes speeches suggesting that an increase in the old age pension would weaken the moral fibre of the Canadian people. I do not know who has a better old age pension than a Senator. But that is the kind of speech the Senator from my own province makes and I do not think the people of my province are very proud of him.

I would have expected that there might have been some representatives of labour in the Senate. After all, there are some one and a quarter million workers who belong to Canadian trade unions. But none has been offered an appointment as far as I know with the exception of Mr. Jodoin, the President of the Canadian Labour Congress. The appointment may have been offered to others, but I do not know of any such cases and I know the labour movement very well. I can think of several people who are capable of making valuable contributions. There is Dr. Eugene Forsey who had a distinguished record in Canadian universities before he became research director of the Canadian Labour Congress. There is Mr. Frank Hall—

Mr. Peters: Trying to get rid of all those dissidents?

Mr. Orlikow: No, but I would suggest that with the kind of party we have in power, a year ago we might have had Mr. Hal Banks in the Senate as a representative of labour. He has lots of friends in the Liberal Party.

Mr. Pickersgill: Has the hon. Member forgotten it was several Members of his own party who recommended Mr. Hal Banks very strongly for citizenship not so long ago?

Mr. Orlikow: If the hon. gentleman wants to discuss Mr. Banks' citizenship—

Mr. Pickersgill: You raised it.

Mr. Orlikow: —I will be happy to discuss that question at the appropriate time and ask why his former colleague, the man who preceded him as Minister of Citizenship and Immigration, ignored the recommendation of his appeals board and gave Mr. Banks the status of a Canadian resident. I would be very happy to accommodate the Minister by discussing that matter at the appropriate time.

One would think that universities might well be represented in the Senate. I can think of a number of distinguished professors who could add prestige to that body—Professor Lower, Professor Underhill, Dr. Penfield—

Mr. Regan: Frank Scott.

Mr. Orlikow: The hon. Member suggests Frank Scott. I was trying to steer away from N.D.P. people because I am sure they would not accept the appointments if they were proposed.

Mr. Regan: I suggested it seriously.

Mr. Orlikow: That may be so, but the Prime Minister would not consider it for very long. After all, he needs a vacancy from Quebec for some deserving fund-raiser. That is the important consideration. Appointments of the kind I have been suggesting are those which might be made if this question of Senate reform is considered seriously, but this is not what we get. We get businessmen and former politicians who very quickly become members of boards of directors of companies.

The hon. Member for Carleton (Mr. Francis) raised this question in connection with applications for banks which came before the Senate last year. He said the Senators were not the only people who had a conflict of interest, and that is true. It may be there are Members of Parliament who have a conflict of interest; I can think of several sitting on the other side of the House who have a conflict of interest, as it seems to me. The difference between the Senators and the Members of the House of Commons is that at the next election the constituents of any Member of Parliament who may have a conflict of interest can settle it by defeating their Member, who has not represented them but has represented the business interests.

• (4:20 p.m.)

I want to talk briefly on this conflict of interest in the Senate. Bruce Macdonald, who I think was one of the best reporters in the press gallery, of the business of Parliament, wrote an article on July 7, 1964 which appeared in the Toronto *Globe and Mail*, and I want to read two paragraphs to which I hope the Minister of Transport (Mr. Pickersgill) will give some thought in the future, if he has not done so in the past. Mr. Macdonald says:

> A question arises whether some members of the Senate, many of whom are associated with the oldest, most powerful financial institutions in the country, may be using their position to discourage or retard the development of young and lusty rivals to challenge this establishment.

That is a pretty serious charge to make, Mr. Speaker. Further, Mr. Macdonald says:

> Yet another question that begs an answer is the extent to which individual Senators should properly participate in consideration of measures, such as the establishment of companies, that may conflict with their private interests as shareholders, officers, directors or partners of organizations which may be affected by the legislation at hand.

What was Mr. Macdonald talking about? He was talking about applications for the the right to operate banks made by the Bank of Western Canada, the Laurentide people and the British Columbia bank. They were applications which got a very rough hearing from the Senate Banking Committee.

The Acting Speaker (Mr. Batten): Order. I must interrupt the hon. Member to advise him that his time has expired.

Mr. Raymond Langlois (Mégantic): Mr. Speaker, having listened to a few members in this House giving their opinions of Bill No. C-98, which provides a retirement age for Senators in the other place, I have come to the conclusion that not only do the public feel something should be done about the Senate but that that feeling exists also in this chamber. This puts me more at ease in speaking about the other place, realizing that I am not the only one who thinks that something should be done about the Senate.

If we go back to some of the speeches made on April 26 and 27—that of the hon. Member for Port Arthur (Mr. Fisher), for example—we realize that a certain pattern is followed in the nomination of Senators. I had realized that for some time. During the 1963 campaign I read a list during a television interview of all the Senators who belonged to financial institutions, naming them and the institutions concerned. The reaction to that television program was such that for the following two weeks I received telegrams, letters and telephone calls from all over the area covered by that station, which was the Sherbrooke television station, a station with an audience of two and a half million people covering about two thirds of the province. I was asked for a list of the Senators, and I can say that 99 per cent of the people who phoned me or wrote to me were not in too good humour about the Senators I had named. I had four long typewritten pages of them; there were not just one or two. I might say that before the bill passes I intend to read these names again. These names were obtained from the 1962 financial survey, and I would be very interested in the 1964 financial survey to bring me up to date, because since this Government has been in power it has named a few more Senators. And the hon. Member for Port Arthur has given these Senators a pretty good pedigree.

In passing this bill we are asking the House to provide a retirement age of 75 for Senators. The way I see it, this will not help solve the problem. We have two possible solutions. The first is to abolish the Senate entirely. The second solution is to reform it. Abolishing it

would please a lot of people, but it would not necessarily be the right thing to do. If we want to find out exactly how much it would please the public, I would ask the Government to submit to the people a referendum or to make it an issue in the next election campaign, thus saving perhaps the Senate's skin. We will not only abolish the Senate but possibly get rid of the Liberal Party from this House forever, so it might be a very good thing to submit a referendum to the people on this matter.

I think that we need some further deep thinking before abolishing the Senate entirely. We can have measures brought before this House to reform the Senate so as to make it a more active body, instead of a political refuge for financiers who have financed either the Liberal or the Conservative parties in the past or who will do so in the future. It is also a refuge for those who deserve some recognition for their efforts in helping the party. The hon. Member for Winnipeg North (Mr. Orlikow) mentioned having Senators in the other place who were of Liberal or Conservative affection, and this is entirely true. I agree with him in his remarks about the Province of Alberta. If the Senators were to represent the interests of the provinces, which in turn are guided by the governments of the provinces, then why do we not find any Social Credit Senators in the other place? There are no C.C.F. Senators in the other place, yet the C.C.F. have been in Saskatchewan since 1944. There are no Social Crediters from British Columbia even though the British Columbia government was elected to office in 1952. There are also no Union Nationale members from the Province of Quebec in the Senate, a government which was in office for 16 years.

I agree with some hon. Members that Senators are not entirely fulfilling their role at the moment due to the way they are nominated for the other House. The only interests they defend at the moment are those of the government in power when it also has a majority. We cannot touch them or do anything about them because these Senators are named by the government in power. If the Government were to act as some Senators sometimes act toward legislation which is brought forward, we would suggest that it would go before the people and their conflict of interest, as mentioned by the hon. Member for Winnipeg North, would be settled in due course of time by the electors themselves, the Canadian people.

• (4:30 p.m.)

But you cannot do that with the Senate. We have had a Liberal Government in this country for many years, with the exception of the period 1957 to 1962. During that time the Liberals did not name other than Liberals to the Senate. I do not wish to give too many flowers to the Conservative Party, but from 1958 to 1962 they had to struggle and perhaps make up for a lot of difficulties because of that position in the Upper House. There might have been a lot of difficulties because the majority of the Upper House was not Conservative. But this is something that is abnormal, Mr. Speaker, and to my mind the other place is just a political refuge for aged financiers who have furnished electoral funds to the two large parties; and it is also a refuge if they did not furnish financially but because of their service to the party were qualified to be appointed to the Senate.

I am not discussing the age limit of 75, Mr. Speaker. You have people of 75 and even 90 years of age who in many ways are more alert and intelligent than is the case with some who are 30 or 40 years of age. This is always the case. This is why those nominating people to the Senate should know what they are sending them there for and whom they are appointing. The main reason people are appointed to the Senate now is for political services in the past, or their financial assistance to the party.

When we come to deal with the clauses of the bill I intend to deal with this matter at greater length than did the hon. Member for Port Arthur (Mr. Fisher). I certainly agree that it might be a slap in the face to some, but this is the perfect, honest truth as I see it. Sometimes it is difficult to swallow the truth, but in a case like this I do not discriminate against any of the Senators, because if they have succeeded in attaining a certain financial state or prestige, so much the better. But I object to the Government appointing them only on these bases. I blame, not the Senators but the Government for acting in this way. Furthermore, I am convinced that the people do not know exactly what is the role of the Senate. When you get out and meet the public you find that most people want to get rid of the other place.

I can say I am not of that opinion, Mr. Speaker. I honestly think that the Senate can fulfil a better role and do a better job than it is doing now. One way it could fulfil a better role, if it is going to represent the provinces and the federal Government and any

intermediate party, would be to have appointments made on the basis of one third, one third, one third. They should not be nominated for life, but for ten years, and the nominations should be based on the work these people have put in and what they have done for the Canadian people in the years preceding their ten-year nomination.

There is one thing the Senate could do that would gain the esteem of the Canadian people, if they are going to be the guide of this House, the leading light of this House and objective in Canadian political issues. There is one role they could play that would save the Canadian taxpayer millions and millions and millions of dollars. That would be if we had a qualified Canadian Senate which would replace the very many royal commissions set up by the government almost every week. Then the Senate would not have to wait for legislation to come from this House, and when it does not come, go to sleep. At the moment the age limit of 75 would certainly wake up a few Senators. But would abolishing the Senate be the entire solution? Then we would end up in this House with a majority government—that would do what? For the five years of its mandate it would be king and executioner at the same time.

We must have that extra safety brake in the other place. But to have this you must have people who are intelligent, entirely objective and who will look at a problem not only from one angle but from all the angles. You must have qualified men, not only in the financial field or the political field with regard to how to win an election. You must have men who know what they are talking about. You must have educators; men who, when something concerning education is dealt with, know what they are talking about. You must have men who are qualified in agriculture. How many Senators know what they are talking about with regard to agriculture? Some have interests in different fields of agriculture. I know of one now, for instance, who knows more about maple syrup than anybody else. At least he knows how to make a profit on it and how to sell the stuff. You have one who has an interest in steel, one who has an interest in the wheat business, who probably knows more about the Winnipeg Grain Exchange than he does about the troubles of the farmers in growing that wheat. That is what you have in the other place at the moment. If we had Senators qualified in these various fields, we would have a responsible Upper House. We would have something worth listening to when these matters were being discussed.

I found it funny when we went across to Europe that our Senators are confused with United States Senators. The people in Europe think that our Senators have the same authority as those in the United States. I never said anything about this, but I laughed pretty often in my beer about this. If that pleases them, let us give them that pleasure, in addition to all the other advantages Senators have. It is their right, and I do not blame anybody in the Senate. They are appointed there, and let us leave them there. But let us change the manner of appointing them. I honestly believe that if we had people named, one third by the provinces, for ten years, this would be a considerable improvement on the present system, because when the provincial governments change they would have somebody representing their interests in the Senate within this ten-year period at least. I am sure the provinces would not send anybody to the Senate who would not represent their interests. For brightness, intelligence and alertness you do not have to be of a certain age.

Mr. Lloyd: Who is talking about brightness?

Mr. Langlois: I can look across the chamber and not find any sunshine there.

An hon. Member: Halifax is pretty cloudy today.

Mr. Langlois: There are some parts of Canada that are pretty dim all around. We want people in the Senate to know what they are doing and how they are going to do a job. If you ask university professors to come in there, they have not millions of dollars; they are as poor as church mice. But they are a darned sight more intelligent and alert than some of the people there at the moment who have millions. When are we going to quit judging people by the thickness of their wallet and start judging them by their real value? Until we do this, we will not have a responsible Senate. Until we do this the Senate will not have the support and the confidence of this House, or of the people. This will not be achieved until we have a Senate which merits this confidence.

These intermediate bodies should name people to the Senate. These other fields, which come less often in this House, still necessitate attention. At least we could have experts in these fields in the other place. If you start talking to Senators about sports, most of them have only played golf during their

lives, and they perhaps cannot play a decent game of golf. That is all they know about about sports. More and more today there is more leisure time available to the working man. The more automation, the more leisure time he will have. Working hours are being cut down and we have more leisure time. Nobody is responsible for this. It seems that the Government is only now opening its eyes in this respect. After so many years the dust is just being taken out of their eyelids by the sandman. In my opinion, Mr. Speaker, intermediate bodies such as labour unions should name Senators, and then we would have people who know what they are talking about. They would know what they were talking about in regard to Hal Banks, for instance. The Minister of Transport (Mr. Pickersgill) mentioned the case of Hal Banks a moment ago. I would be surprised to learn that many Senators know much about labour unions or would defend them. Perhaps some of them would have defended the financial interests involved in this question. But I am sorry to say that we do not have too many of this type of Senator.

We could have Senators named by the federal Government—one third; no more. Then you would have the nation's Government, the federal Government, represented in the Senate. You could have the provincial governments represented in the Senate, and you could have the intermediate bodies represented there, with one third, one third, one third. That is one reform we could institute. Senators could be nominated for ten years, and the next ten years their nomination would be based on the preceding ten years in the Senate, the same as with any Member of this House.

• (4:40 p.m.)

When one wishes to be re-elected he must depend on what he did during the preceding four years. If he contented himself by sitting on his posterior for four years the electorate would likely give him the opportunity to again sit on his posterior, from then on. If that is the view taken by Senators, that they can sit on their posteriors year after year, then it is my opinion that the Senate should be abolished.

If Governments want responsible people to guide them in the governing of this country it seems to me that use could be made of the Senate in this regard. For this reason the best people possible should be appointed to the Senate. At this time those members of the other place are all honourable gentlemen, but the fact that they are honourable does not mean that they are capable of doing the job which should be expected of them. I do not wish to name any members of that place, but I suggest that three quarters of the members are not in regular attendance.

Abolition of the Senate would throw the entire weight of governing this country on the shoulders of the Members of the Government in this chamber. Minority governments can sometimes be swayed in their opinions, but often majority governments become kings and executioners when there is no control exercised by an Upper Chamber. For that reason we have an Upper Chamber, but it is now obvious that the members of that chamber have been appointed as a result of patronage on the part of the Prime Ministers rather than on the basis of their ability to carry out that job.

In my opinion we should reform the Senate in a way which would be in the interests of the public. One of the tasks that could be performed by members of the Senate relates to royal commissions, of which we have had some 37 in the past, expending many millions of dollars. Surely intelligent members of the Senate could be appointed as commissioners to aid the Government in carrying out these inquiries. At the present time I am afraid there are not many members of that other place who could satisfactorily perform such a task. The majority know nothing about labour, agriculture, or any other subject not associated with finance. The majority of the members of the other place have never done any real work in their lives, but have been for the most part financiers and directors of companies.

In conclusion, Mr. Speaker, let me state that I am in favour of Senate reform, rather than abolition. However, my attitude is radical to the extent that if the Senate is to remain as it exists today, without reform, then I support abolition. It seems to me that under present circumstances the Senate is filled with aged gentlemen who have no other jobs or positions, or no other place to sleep. It is common knowledge that they sleep there a good deal of the time.

Mr. E. F. Whelan (Essex South): Mr. Speaker, I hesitate to participate in this debate on Senate reform after all those learned Members of Parliament have spoken, but as a farming Member I hope you will be lenient and allow me to ramble as other speakers have done.

I anticipated that the provisions of this bill would have been much wider in respect of Senate reform than they in fact are. The retirement age of Senators is of definite concern to me. As a result of the passage of this measure, Senators appointed after it becomes law will be required to retire upon reaching age 75, and Senators who are now Members of that other place will be allowed to stay for as long as they wish or take advantage of the retirement opportunity. This provision is both annoying and discouraging.

The next time I return to my constituency I must discuss the future welfare of several of my constituents who have been retired at 65, in good health and capable of working. Many of these people do not have sufficient finances to continue to live in a reasonable fashion. These people want to work, but because of their age they are unable to do so.

On the other side of the picture we have Senators who have for many years received high incomes and in a great number of cases are still directors of companies. While it is true that many people of 75 and 80 years of age are capable of working, many thousands of others, including farmers, wish to retire but cannot do so because they have not been contributing to pensions and do not have sufficient money to do so.

I am not afraid to admit that I have on occasion gone to different Senators asking for their advice on various subjects. I realize that there are many intelligent men who are members of that place. I do not suggest that I have always accepted the advice given, because I have not; but it is my opinion that individuals who are appointed to the Senate should be appointed for specific periods of time. Those who are now members of that other place will by the provisions of this bill be required to retire at age 75. In my opinion the new appointees to the Senate should not be allowed to remain there after they have reached age 70. By this very fact we are giving them five years more grace than we give anyone in industry or other commercial institutions in this country.

• (4:50 p.m.)

I have done some reading on this subject, although probably just enough to confuse the issue more than anything else. I have also checked with some of the representatives in Ottawa of other governments to find out what kind of Senates they have in their countries. Jamaica has a Senate. I know Jamaica is a very small country but Senators there are appointed for the length of the life of Parliament. Appointments are made to the extent of one third, plus one, of the membership by the opposition, and by the government to the extent of two thirds less one. Senators serve without any pay. I inquired whether the members of the Jamaican Senate look after the business of the country and I was told that they do just as well as members of their House do.

I have also read an article by Lord Campion in which he deals with the Senates of some of the Commonwealth countries. He has this to say in part:

> As for the Commonwealth, the principle of life nomination found a place in the two earliest Dominion constitutions; that of New Zealand (1852) and that of Canada (1867). In the early constitutions of the Australian states (which are 50 years older than that of the Australian Federal Commonwealth) the Legislative Councils of New South Wales and Queensland were based on nomination for life. It is only in Canada that nomination survives. In New Zealand, nomination was retained, after the reduction of the life period to a term of seven years in 1891, until the long threatened abolition of the Council was effected. Queensland has abolished her Legislative Council completely, and New South Wales has replaced the method of nomination by election for 12 years by the joint vote of the existing Council and lower chamber. In some of the other Commonwealth countries nomination is combined with other methods for the constitution of a portion of the second chamber—in South Africa, for one quarter of the Senate; in the Indian Council of States for 15 out of 250; in Ceylon for one half the Senate.
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> The method of nomination for life was devised in what was for its period the reasonable hope of producing a "strong" second chamber capable of "standing up to" the popular House. It was to work through the prestige conferred on its members. In progressive Europe, as popular election became the sole source of political power, most countries which wished to keep their second chambers "strong" acted as if they had anticipated Goldwin Smith's dictum about the vanity of supposing that "power will allow itself to be controlled by impotence" and exchanged nomination for election. Meanwhile, in countries which have not particularly valued a strong second chamber, the survival of the method of nomination has been helped by its patronage value to the political parties.
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> In Canada the method of life nomination has worked out in a way which would surprise the Fathers of Confederation, could they see it. They wanted a Senate that was independent and above party. Instead, Senators have, from the beginning, been chosen on strict party lines—with the result that in the early years of a government the Senate, largely chosen by the previous government, has shown itself recalcitrant; but, when the steady filling of vacancies by partisans of the government in power has had time to do its work, the Senate has been all that a government supported by the representative House could want. In a country remarkable for long lived administrations, the pattern has been: bicameralism in the first years of a government's life, unicameralism in the remainder.

I have also read a thesis by a young man who is now a Member of this honourable institution. The thesis is entitled "The Senate of Canada—Political Conundrum". I will only quote certain parts.

No political subject provokes more dissatisfied public comment in Canada than its Senate. Rare is the year that passes when someone of note in this country has not been on his feet voicing criticism and seeking the reform or outright abolition of the Upper House. It is probably fair to say that most Canadians who are aware of the subject feel that the Senate has outlived its usefulness and has become a superfluous appendix to the political system. Indeed, the prestige and authority of the Senate has probably fallen to its lowest level in Canadian history.

Then he goes on to point out that in 1955 the situation had become less than comical because of the make-up of the Senate. He said:

The situation had become somewhat less than comical in the year 1955, when virtually a fifth of the complement of the Senate was vacant, provoking the introduction of a bill (Bill H-10, introduced in the Senate on March 29, 1955, by the Honourable Senator Euler) to provide that vacancies in the membership of the Senate be filled within six months of the occurrence of the vacancy. Needless to say the bill had little chance of success and was killed on second reading.

I simply want to say that I come from a large area of Southwestern Ontario that has no representation in the Senate. If you put a compass on the map and trace from near Goderich on Lake Huron around to Lake Erie, just missing the city of Brantford, you will find there is no Senate representation from that part of Ontario, which has a population of almost three million people. Neither this Government nor previous governments have seen fit to appoint a Senator from that very important part of Ontario. I feel this is one thing we should consider and that should have been considered in the bill. There should have been a form of redistribution, if you want to call it that, in order that Senators would be given districts and would come from certain sections of the provinces. I believe there is a good opportunity for Senators to serve. I know the heavy work load that the Members from Southwestern Ontario have and if we had an active young Senator from that area he could be very beneficial to us in helping us with our work. I do not mean I am not willing to do the work I have to do, but I come from one of the most productive, most diversified and most populated areas of Canada and if the Senate were properly reorganized I believe a Senator representing that area of Ontario could do a great deal to serve its people.

It is five o'clock, Mr. Speaker.

Mr. Deputy Speaker: It being five o'clock the House will now proceed to the consideration of private Members' business as listed on today's Order Paper, namely Public Bills, Private Bills.

• (5:00 p.m.)

FINANCE

PROVISION FOR CONTROL OF USE OF COLLATERAL BILLS AND NOTES

Mr. S. Perry Ryan (Spadina) moved the second reading of Bill No. C-10, an Act to provide for control of the use of collateral bills and notes in consumer credit transactions.

He said: Mr. Speaker, this bill, an Act to provide for control of the use of collateral bills and notes in consumer credit transactions, was first introduced in the House on November 26, 1963, during the first session of this parliament. It was referred to the Joint Committee on Consumer Credit, of this House and the other place. It was re-introduced and referred to the same committee in the second session, and this committee was still hearing evidence before prorogation of the second session so that consideration of this and other referred bills was not reached, and as yet the joint committee has not been constituted for this session.

Under these circumstances, Mr. Speaker, in view of the luck of the draw that gave priority to this bill, and in view of the crying need for the reform of present paper discounting and credit-sale practices, I feel it is in the public interest and that of the joint committee that I should proceed to cause this measure to be debated without further delay.

The purposes of the bill are threefold: first of all, to give warning to makers of promissory notes given as collateral to deferred payment agreements in consumer credit-sales transactions, that they may become liable for payment of the notes to third parties who are innocent purchasers of the notes for value, and without notice of the warranties and equities of the sale of goods transaction; second, to make it practically impossible for finance companies and other financial institutions to claim with success that they are innocent purchasers without notice of any equity in the buyer of the goods; and, third, to control and limit the interest rates that may be charged if a vendor elects to use this method of collaterally securing his deferred payment sales agreements.

It will be argued that this bill should not be passed until interpretations have been handed down by the courts which would

define provincial and federal jurisdiction with more certainty in the consumer credit field. Mr. Speaker, in anticipation of such argument which I shall not likely have an opportunity to rebut, I would point out that the British North America Act, section 91, class of subject No. 18, gives exclusive legislative authority to the Parliament of Canada to make laws for the peace, order and good government of Canada in relation to all matters concerning bills of exchange and promissory notes; and further that class of subject No. 19 of the same section 91 gives similar exclusive authority to the federal Government in all matters concerning interest.

Mr. Speaker, this bill is only concerned with bills of exchange and promissory notes, and the interest rates that may be charged or chargeable in connection therewith if they be used as collateral security in credit-sales transactions. If a purchaser gives a vendor a promissory note as sole security for the goods sold and delivered to him, then this bill would not apply.

It only applies where a bill or note purporting to be a negotiable instrument under the Bills of Exchange Act is taken as collateral security to a conditional sale agreement or similar device that is designed to keep the property in the goods vested in the vendor until payment in full, despite delivery of possession to the purchaser.

Some hon. Members may wonder that I have not sought to amend the Bills of Exchange Act and the Interest Act rather than introduce a new bill called the Collateral Bills and Notes Act. I considered such a course thoroughly, but arrived at the conclusion that a separate and distinct measure was needed in the interests of merchants, financiers and credit buyers.

This measure alters the form or make-up of all collateral promissory notes that are used in the credit-sales field as distinct from those customary forms of notes that would continue to be used in the cash loan and banking fields. I concluded that it would be easier to publish and distribute information to merchants and others concerning the changes in the law and form of collateral bills and notes if there be a new and separate bill, and also that the whole change in this confusing field would be better understood by the public if the bill were a separate one.

Mr. Speaker, I would like to make clear at the outset that this measure does not attempt to control the interest rate on all credit-sales transactions. It does, however, limit the interest rate chargeable on a time purchase of a car, refrigerator or any other goods, if the vendor wishes to additionally secure his contract with the device of a collateral promissory note. I would thus expect that passage of this bill would tend to discourage the use of collateral promissory notes among those anxious to charge exorbitant interest rates. On the other hand, where notes are signed under this statute all parties to the transactions would be likely to have a sounder, fairer and better understood bargain in each case.

You will notice that the bill does not in any way prohibit the making or taking of collateral bills and notes, if they conform. It, in fact, recognizes that there is some merit in the device that has evolved over the years in our wholesale and retail sale practices, but it does endeavour to correct the abuse of the device. Preservation of the device as controlled by this bill will still permit merchants, third parties and holders in due course to obtain quick default judgments in proper cases—it usually being much easier to sue and obtain judgment on an assigned promissory note than on an assigned conditional sale agreement or other type of deferred payment contract.

How did the device of the collateral promissory note evolve, and how is it being abused? Well, bills of exchange and promissory notes were originally designed to facilitate cash and credit transactions in the banking field. Indeed, most bank notes themselves are but promissory notes payable to the bearer on demand. Notes other than demand notes, to be valid, must have ascertainable due dates. A characteristic of any bill or note is that it is readily negotiable.

A note can be assigned by the promisee putting his signature on the back of it. This endorsement is known as "backing" the note. It may be endorsed in blank or to a stated assignee. It may be backed many times and eventually the original maker of the note or promissor, if he fails to pay, may be sued by one even as far removed as the tenth holder.

The law of bills and notes is clearly understood in banking and merchandising circles and the remedy for non-payment is swift.

Under our Bills of Exchange Act no defence can succeed against an unconditional promissory note for a sum certain that is proper in form when it is sued upon by a holder of the note in due course, that is, one who obtained the note for value in good faith

before it was overdue and without notice of any defect in the title of the person who negotiated it. Not even the fraudulent conduct of a prior holder is a good defence if unknown at the time of the purchase of the note by the holder suing.

As a result of seeing that bills and notes in the hands of innocent purchasers of them were subject to few, if any, equities, some merchant likely hit upon the idea of selling his goods on a deferred payment contract and taking a collateral note as additional security which he could sell if need be. This note he likely eventually backed in favour of his bank. He suffered a discount on the principal amount of the note but still showed a profit on his sale. The bank then collected principal and interest directly from the buyer of the goods after giving the buyer notice of the assignment of the note to it.

In time this practice grew. Individuals, finance companies, acceptance corporations and other financial institutions also went into the business of buying collateral notes at discounts. As time passed these buyers became less interested in the size of the discount they could get from merchants than in the size of the interest rate on the note. Merchants were encouraged to get the paper signed up at the rates of interest set by the finance companies, and in some cases premiums have been paid to merchants for quantity of paper assigned. Other merchants have found it profitable to sell great quantities of goods at cost, or close to it, and make their money by carrying their own paper or setting up their own finance companies.

• (5:10 p.m.)

Today we have found that a real monster has grown up about us in the form of undisclosed interest rate on these transactions. The effective interest rate on these credit-sales contracts and their collateral promissory notes is often higher than 24 per cent per annum. The finance companies are making phenomenal profits as a result, even in the small loans field. Fortunately corporation taxes capture almost 50 per cent of these profits for government, but the man on the street is being exploited by a lawful form of banditry based on the know-how of high finance, the unawareness of the man who buys on time, the co-operation of merchants and the inertia of government.

This bill will not prevent exorbitant interest rates on conditional sales contracts but it will cramp the style of those employing collateral notes in connection with them and will set a new tone in merchandising that will be better for both the merchant and his customer. A customer paying exorbitant interest cannot buy as many goods in the long haul as he otherwise would. This bill would encourage the merchant to make his money out of mark-up once more, instead of by usurious conspiracies with finance companies.

With this bill the federal Government can lead the way, as it should lead the way, in an area which is its sole concern and responsibility. It can do much to stop the highway robbery indulged in by finance companies with the aid of used car dealers and door to door salesmen. Listen to this extract from the Toronto *Telegram* of January 14, 1964:

> Sales "Gimmicks" said Abominable but okays Bill
>
> A county court judge criticized one company for 'high pressure salesmanship' and using 'abominable methods or gimmicks of selling', but awarded a finance company $590 for the installation of a water softener.
>
> Judge Harold Timmins—

—who by the way is a former member of this House—

> —ordered Mr. and Mrs. Stanley R. McLean, of Axminister Rd., Richmond Hill, to pay the money to Algonquin Building Credits Ltd.
>
> The water softener was sold without down payment by Water Conditioners of Canada which later sold the promissory note for $590 to the finance company.

Listen, too, to this non-exaggerating editorial from the same paper. The heading is "Crooks At Large".

> Each year people in Ontario are cheated—quite legally—at a cost of a large part of their earned income.
>
> The victims, of course, are the gullible. In this company are the illiterate, the newcomers to our land who do not understand the language perfectly or the complexities of our credit system, the aged and the trusting, the young who want more of the good things of life in a hurry.
>
> It is easy to moralize about this. It is easy to say that the sensible man or woman should deliberate well before entering into a transaction that gives them credit at usurious rates. But the fact of the matter is that they don't. Not all of them, by any means.
>
> These are the people who are the simple victims of the men who traffic in ignorance, ingenuousness and faith.
>
> At a time when credit buying is a way of life, it is understandable that some of the economically illiterate may be as they are, committed to transactions that demand as much as a hundredfold interests on the value of goods they buy.
>
> Surely these people must be protected, just as minors must be protected by law from the sophisticated scheming of adults. They are, to all intent, infants in law.
>
> The Telegram's Special Squad has documented many cases where the unknowing or the gullible have committed their meagre fortunes to obtain what appeared to be a demanding need. Others have told similar stories in the legislature and the House of Commons and the Federal Senate.

Little is done, however.

On the statute books of Ontario there is a law giving redress to victims of unconscionable transactions. This law is most useful and has had a salutary influence in the past. The trouble seems to be that it is not used often enough.

When a man robs a bank of a few thousand dollars and is caught, the penalty is fairly swift and certain. When a shark cheats a man or woman of his or her life's savings, it is a far different matter.

The victim is hooked on a signature placed on a contract lightly read if, indeed, read at all.

This is not a problem for which an easy remedy is apparent. It resides in the twilight zone of finance and commerce. But surely it is reasonable to call upon our legislators to hasten the work of our committees studying the matter and to give the very highest priority to remedial legislation.

In the meantime, our law enforcement agencies might make more frequent and vigorous use of the laws, upheld by the Supreme Court, on behalf of people who are prey to the unscrupulous and the avaricious.

When crooks are at large, we expect our law authorities to be vigilant and stern.

Lawyers are just sick when they are asked to defend a suit on a collateral promissory note obtained in the manner of the water softener case. Usually they are required to waste a great deal of their time defending without hope of success, and without recompense, out of sheer sympathy for these unwary buyers. Occasionally a judge will become so annoyed in these cases that he will simply refuse judgment or hold that a finance company is not a holder in due course, but such decisions can be appealed from and the finance companies have the money for appeals. Meanwhile the buyer of the water softener or used car, as the case may be, finds that he has a useless article with a useless warranty on it.

The Government must awaken a new awareness among Canadian consumers of the true cost of credit. I believe the joint committee on consumer credit under able leadership is doing a great deal and will do more in this regard. I would like to see this bill strike the first blow in the war that must come against the finance companies. At the end of June 1964, finance companies in this country had balances for consumer goods financing of $942 million, department stores $419 million and furniture and appliance stores $188 million, for a total of over $1½ billion. The State of New York passed credit service charge legislation in 1957 based on percentage calculations. Since it did this 12 other states have passed laws to limit interest charges on instalment purchases and/or revolving credit accounts. So legislation of this kind can and should be passed.

In the case of the appeal of the Attorney General for Ontario *v.* Barfried Enterprises Limited, the Supreme Court of Canada handed down its momentous decision on December 16, 1963. An applicant for relief under The Unconscionable Transactions Relief Act of the Province of Ontario applied to have revised a certain mortgage transaction with the respondent lender. The mortgage was for a face amount of $2,250 with interest at 7 per cent per annum. The sum actually advanced was $1,500 less a commission of $67.50. The difference between the $1,500 and the face amount of $2,250 was made up of a bonus and other charges. The County Court Judge who tried the case set aside the mortgage in part and revised it to provide for payment of a principal sum of $1,500 with interest at 11 per cent per annum. No constitutional issue was raised before the trial judge. The Court of Appeal for Ontario held that The Unconscionable Transactions Relief Act of Ontario was ultra vires, being in direct conflict with section 2 of the Interest Act of this federal Parliament.

The Acting Speaker (Mr. Batten): I must advise the hon. Member that the time allotted to him has expired. Does the House give unanimous consent for the hon. Member to continue?

Some hon. Members: Agreed.

Mr. Ryan: Thank you very much.

The Supreme Court of Canada reversed the finding of the Ontario Court of Appeal and held the Ontario Act to be intra vires of the Province of Ontario in that its main purpose was to effect rescission and reformation of unconscionable transactions whether interest was charged or not.

True the interest jurisdiction of the federal Government was affected in this case, but only incidentally they said. Two out of the five judges dissented, holding that there was direct conflict between the two statutes and that in such circumstances the Interest Act of the Canadian Parliament validly enacted must prevail.

Neither the Appeal Court of Ontario nor the Supreme Court of Canada dealt with the merits of the case, but in effect the judgment of the County Court Judge was upheld. This would seem to indicate that the interest rate in practically every conditional sales contract presently held by finance companies in the Province of Ontario, whether or not collaterally secured by a promissory note, could be revised downwards if application to an Ontario court were made under the

Unconscionable Transactions Relief Act of Ontario.

It is too bad that such applications are not being made in wholesale fashion today. The reasons they are not are because most debtors do not know of the Ontario Act, do not have the money to sue for revision of their contract, or are embarrassed at revealing their financial difficulties publicly. And the chronic borrowers fear they won't get further accommodation.

Thus, only by limiting interest rates by government regulation can the plunder of pocket books of thousands of our citizens be halted. This bill will control interest rates in a part of the consumer credit field only, so further and stronger measures will also be needed. Should this bill become law it will require that promissory notes exacted as collateral in conditional sales and similar transactions must have printed upon them a warning to the purchaser that his note may be collected from him in case it is assigned to a third party, even though the goods have proven unsatisfactory.

• (5:20 p.m.)

In a great many instances the note forms part of the transaction, but immediately afterwards it is assigned to a third party, usually a finance corporation, which takes the note free from any of the warranties given by the vendor of the goods, or any guarantees as to their satisfaction; and even should the sale have been promoted by fraudulently untrue representation, the purchaser, even though he has returned the goods, is nevertheless obligated to pay the note and thus pay for the merchandise. This bill will, at least, warn the purchaser of this possibility, and it may deter some from entering into such a transaction or cause them to seek independent legal advice before signing.

We have a precedent for a ceiling on interest rates in the Small Loans Act. It regulates loans of $1,500 and under. The interest ceiling on the first $300 part of a loan is 24 per cent per annum, and on the next $700 it is 12 per cent per annum; and on the balance, if any, between $1,000 and $1,500, it is 6 per cent per annum. I personally think these ceilings are too high for the cash loan field and even far less satisfactory for the credit-sales field.

The English Parliament has passed an amendment to the Advertisements (Hire-Purchase) Act, 1957, which gives some protection against high pressure, door-to-door salesmen. It provides that any credit-sale agreement for £20 or more signed by the buyer at other than appropriate trade premises can be repudiated by the buyer within four days of its execution. We could use legislation of this kind here in Canada. I had intended to go through the bill in detail, Mr. Speaker, but I think it would be just as well if I sat down and gave some other hon. Members an opportunity to speak on this subject. I will, of course, be pleased to answer any questions hon. Members may have.

Mr. Arnold Peters (Timiskaming): Mr. Speaker, I should like to congratulate the hon. Member for Spadina (Mr. Ryan) for introducing this bill, and I should like to make some comments on it. I think the Government has, again, been remiss, because I would point out that we had the promise that most of the Committees would be set up immediately. But this has not been done. This is the seventeenth day of the session, and this bill cannot be referred, again, to the Joint Committee on Consumer Credit, where this matter should before now have resolved itself into Government legislation.

What the hon. Member is doing is twofold. I believe he recognizes some of the major problems that affect those who buy under this type of arrangement, having regard to the explanation he has given with respect to the fact that many of the people who sign a promissory note for goods, and so on, do so not knowing what they are signing and not being fully aware of the fact that the promissory note becomes a negotiable instrument and can be transferred. But I do not think the hon. Member's bill goes nearly far enough in this regard. I had a bill on the Order Paper last year which was referred to the Committee, and I would hope that it would again be referred to the Committee. In my opinion my bill goes further than the bill of the hon. Member for Spadina (Mr. Ryan), and covers something the hon. Member has referred to but which really is not covered in his bill.

It is not of any interest whatsoever to me whether or not the promissory note can be sold. I am not the least bit interested in the sale of that note, and I do not think the Canadian public should be particularly concerned about this, either; because I have found that in almost all these cases it is irreputable companies that are operating in this field. I am well aware of the fact that a promissory note, being a negotiable instrument, is a valuable part of our operations in trade and commerce. The hon. Member for Spadina has said,

in this regard, that if you are dealing with reputable companies and reputable goods, that note does not have to be sold; it can be used at the bank as collateral. If the company from whom you buy the product is prepared to stay in business, the promissory note is collateral in the true sense of the word.

However, the problem I have found is this. Let us take the case of the sale of water softeners, or aluminum siding and all the other shady door-to-door peddlers selling products, those people who plague us in this country. They have no intention of ever honouring the promissory note, even if they made the commitment in the original sale. They discount the promissory note to a company they have set up down the hall; they go out of business, and a man is left with a useless item and a promissory note that is a negotiable instrument which, as the hon. Member said, may go to seven or eight places. My suggestion was to attach to the promissory note the liabilities that went with the original sale. This would mean that if you made the sale with the liabilities attached to it, and someone went to a finance company with this promissory note in regard to a water softener guaranteed for ten years with a supply of salts, the finance company that was stupid enough to buy the note would also have to live up to the guarantee.

Mr. Ryan: Mr. Speaker, would the hon. Member permit a question?

Mr. Peters: Certainly.

Mr. Ryan: Would the hon. Member look at clause 3 of the bill and the form of caution. Would he not agree that where the caution says "this note has been transferred even though the goods be unsatisfactory," this would be sufficient warning to any subsequent holders of the note so that they would not be holders in due course?

Mr. Peters: I would suggest that this is a debatable point, Mr. Speaker. But as I read it, this means that the person who signs the promissory note is made aware, by this caution, that the note can be transferred and he will still be liable for payment no matter how often the note is transferred. What I want to attach to the note is the liability of the person selling the goods. Let us use another example. Supposing I am a door-to-door salesman—and this is actually how it works—and I go to a house and say, "We have selected you from a list". This will be very familiar to people all across Canada. The guy comes up and says, "We have chosen you out of a number of people on your block" or "on your concession, to provide you with aluminum siding. We hope you will explain to your friends that we have provided this. If you will help us to get your neighbours to buy this siding, and if you can get us ten customers who will buy it, you will get yours for nothing; we will put this siding on your house at no cost to you". Of course, he does not tell them they are going to put it on at the cost of hiring a carpenter to do it, namely $50 or $75 to install the siding. The man or woman involved does not look at the contract, or they do not understand it if they read it. In fact, most Philadelphia lawyers would not understand these contracts if they read them, because the fine print is so fine that you have to use a magnifying glass, and the wording, the legalistic jargon, or whatever you want to call it, does not really say what it means, and confuses the issue.

The person has the siding put on his house and finds that it is worth $3,000. He is told it will be done for nothing, but they only went out and hired a carpenter to instal it for $50. The buyer is told, "This siding is guaranteed for ten years. It never needs painting". Then he finds after two or three years that the promissory note has been transferred to an agency, and the paint is coming off the siding. He goes to the agent to whom he is making payments and finds that it is a finance company down the hall from where this other guy was operating; and because the company is out of business and does not exist any longer, he cannot do anything about it. He is stuck with a promissory note that gives a value of $3,000 for something that is not worth $300, because the goods are of an inferior quality. The whole thing is misrepresentation, and the buyer finds that he does not have any claim against anybody.

I honestly and sincerely believe that there is not a Member in this House who has not had a case of this nature brought to his attention and is not well aware of the problem. Because of this, Mr. Speaker, I say that the House must accept this kind of bill with amendments that will carry the liability with the promissory note. I don't give a damn if they can't sell these promissory notes. They should not be able to sell them. This is a dishonest transaction. No legitimate money lender or agency would buy one of these phony promissory notes without knowing something about the company that supplied

the product that resulted in the issuing of the promissory note.

Therefore anybody who gets stuck with this type of promissory note should have the Judge stand up and say, "You are a dishonest company. You are a fake company. You are only a dummy corporation collecting for the original fake company. I am therefore not interested in giving you judgment". I agree with the hon. Member for Spadina that there have been many honest Judges who have said this after listening to some poor family tell the story of the abject poverty to which they have been reduced because of buying something they did not want, could not use, and were high-pressured into buying. I think this House has an obligation to the public in this regard. Without a doubt in this respect we are the most backward country in the western world; we certainly go backward faster than we go ahead.

• (5:30 p.m.)

Surely we can consider what has been done by other countries in this regard. In my bill I simply applied the copyright principle. One of the few pieces of legislation passed by Canada which has been adopted by almost every other country in the world is the copyright legislation. By the principle of that legislation all the liabilities and assets in relation to the original patent, no matter how many people purchase it, remain with the original patentee. Surely this principle could be carried through in respect of the subject matter of this bill.

I hope this bill will not be referred to a committee. We discussed this subject matter in a committee last year. I am no longer a member of that committee, but I can say that the committee last year did not refer one piece of legislation back to this House. The House would be well advised to pass this legislation at this stage, without further study by a committee.

The hon. Member for Spadina (Mr. Ryan) referred to a four day cooling off period which is included in this proposed legislation.

Mr. Ryan: That cooling off period is included in the English statute of 1957, as amended recently.

Mr. Peters: Perhaps that cooling off period is referred to in the French translation of this bill.

Mr. Ryan: It is not included in this bill.

Mr. Peters: In any event, I am sure the hon. Member for Spadina would agree to including such a cooling off period as part of the provisions of this proposed legislation. I am sure that no one here who has considered this matter would object to such a cooling off period.

Mr. Speaker, I do not know why we are so stupid in this House, but we are stupid. We have been unable to adopt machinery to prevent certain things from happening of the kind which I am sure this bill is intended to prevent. A day or two ago a young lady came to me within an hour of the time she had signed a contract under which she would receive a free $600 stereo set by purchasing a number of records at an exorbitant price. She was talked into signing this contract by a high pressure salesman in an office here in the House of Commons. She came to me and suggested that she had been taken. She certainly had been taken. I do not suggest that the company which this high pressure salesman represented is completely dishonest in its advertising, but I can assure you that she did not understand what she was getting into.

This young lady was high pressured into signing this contract. I got in touch with the company in question and suggested that the salesman had better come back to his office and tear up the contract, because if he did not I was going to raise an awful fuss. I do not intend to use any names regarding this case, because in the final analysis that is what took place. I asked the gentleman to whom I spoke what length of cooling off period was allowed following the signing of one of these contracts—whether it was 24 hours, two days, two hours, six hours or what. He did not understand what I was referring to. I said that I wanted the salesman back immediately so that we could dispose of this matter. Apparently this company had just commenced its campaign in Ottawa and, after some discussion with the salesman involved, it was decided that they would go along with my suggestion, because it would be less expensive to them, having set up this sales campaign, than risking a great deal of adverse publicity.

This a rather long and complicated example, but it is typical of the kind of thing that happens every day in Canada. For this reason I suggest there should be a cooling off period of two or four days. The young lady to whom I referred did not want a stereo in Ottawa in the first place, and having signed the contract realized within an hour that she had made a mistake. When the

salesman did reappear he was informed that he could not collect the money or enforce the contract because the young lady was under age and did not have her parents' consent to enter into such a contract. The salesman finally agreed to tearing up the contract, but in the process of explaining its terms to the young lady he almost convinced her that she should sign another contract. I was only listening to the conversation with one ear because I did not wish to become involved, but I was able to ascertain the type of high pressure salesmanship that he used.

What would a fellow in the country do after he had signed a contract to purchase aluminum siding for his house, which had been sold to him under similar circumstances, but which he could not by any stretch of the imagination afford? I am aware of one case of this kind where an individual agreed to the purchase of aluminum siding for his house only to find afterwards that it was going to cost him $3,300. This individual is now applying for welfare because he cannot afford to make the payments.

I suggest that the examples I have given are not unusual cases. On the contrary, they are taking place every day in various parts of Canada. The kind of bill proposed by the hon. Member for Spadina, if passed, would do a lot to protect Canadians from the tactics of salesmen of companies of the kind to which I referred. Surely we do not need more study of this subject. I am sure that if the hon. Members in attendance today were asked to raise their hands if they were not completely aware of this kind of situation there would not be a hand raised. It is high time that we had in Canada legislation of this type, and I am sure that the Minister, who is in the House, would support me in this regard. If we pass this bill I am sure we will do a great deal to eliminate this kind of hoodwinking and dishonesty by shysters who travel throughout this country selling products of no real value, on the basis of no down payment and so much a month. These companies are not bona fide companies, but fly by night operations which, after selling an area and completing their campaigns, in turn sell these promissory notes to third parties.

By allowing a cooling off period in respect of these so-called discount transactions we would do a lot to eliminate this type of business. This would allow at least some time for an individual to reconsider the proposition and talk it over with his wife, if not also give him enough time to make an intelligent decision as to the actual value of the product involved. In my opinion the hon. Member for Spadina will have done Canada a great service if this bill is passed. I hope there will not be a suggestion that it be referred to a committee for further consideration. The hon. Member for Spadina I am sure will agree to amending the bill to include a cooling off period, and I hope that this can be done this afternoon and the bill passed without further discussion. I am sure that the Cabinet Minister who is here will obtain unanimous consent of the House if he asks for an extension of time this afternoon to complete the consideration and passage of this bill.

Mr. H. A. Olson (Medicine Hat): Mr. Speaker, I should like to express my congratulations to the hon. Member for Spadina (Mr. Ryan) for the introduction of this Bill, which represents an attempt to deal with a very serious problem in respect of consumer financing in Canada. At the commencement of the hon. Member's remarks I got the impression that he was concerned more about the purchasers of these promissory notes than about the individuals who signed them in the first instance. Perhaps there is some validity to his argument in that regard, that these people also need to be protected, but I am sure that they do not accept any promissory note that is not capable of collection. I am sure that the majority of individuals involved in the purchasing of these promissory notes, or this type of collateral, are experts in this field and do not purchase something that under the law cannot be collected.

As far as I am concerned, I am more interested in protecting the people who sign these promissory notes. This type of activity is widespread in Canada. These organizations campaign in various areas, the salesmen work very hard in selling their products, and then in turn sell these negotiable promissory notes to third parties, and then move out of the area.

In addition to what the hon. Member for Timiskaming (Mr. Peters) has suggested, I think there should be some provision in respect of the sale of this kind of collateral given in exchange for merchandise, and some responsibility attached to the individual who transfers this collateral, after selling the merchandise. In other words, there should be some responsibility on the part of the original company transacting this business. While I realize the truth of the maxim, let the buyer beware, it is very difficult for a buyer to beware under the pressure of these specialized salesmen.

I support the suggestion in respect of a cooling off period which would allow the purchaser to reconsider the transaction. Whether that period should be four days in length, longer or shorter, I do not know; but in respect of some of these products, such as water softeners, siding and so on, it is difficult for the purchaser to ascertain within four days whether they are of reasonable value. At least a cooling off period would allow them an opportunity of reconsidering the whole matter, in light of what they will eventually have to pay. There should be some provision whereby purchasers can nullify these contracts without penalty. As a matter of fact, any reputable company in Canada, permanently established, will give this kind of assurance.

The provisions of the bill now before us would not impose any great burden or hardship on a legitimate business enterprise, because a legitimate business enterprise guarantees its product to be as good as advertised, or to perform the service which it is advertised to perform. I think this is a very important consideration.

• (5:40 p.m.)

It is not in the bill at all. I admire the provision in the bill to give more prominence to a warning to purchasers that their promissory notes can be transferred to third parties and are collectible by them. Many people do not realize that. We know, of course, that one of the old, traditional ways for a purchaser to register a protest against a company or person who has sold him an inferior product is to stop payment. However, if this bill is passed in its present form with no additions to it, I am afraid it will strengthen the position of third parties to the extent that they will be even more willing to buy such paper in the future. For that reason I am a little apprehensive about passing the bill in its present form. As I have said, I think it might even provide an incentive for this practice to become even more widespread among unscrupulous businessmen.

Mr. Ryan: Would the hon. Member permit a question?

Mr. Olson: Yes.

Mr. Ryan: Has the hon. Member read the clause limiting interest rates? That is the reason for that clause being in the bill. The limit on the first $500 is 12 per cent and on anything over $500 it is 6 per cent.

Mr. Olson: I have read clause 8 carefully, but I am not completely convinced that by itself it will be sufficient to stop the trafficking in promissory notes. For example, I know that in Medicine Hat a group of people bought water softeners for which they paid $450 each and they signed promissory notes. The same kind of equipment could have been bought for less than $100 from a reputable company which would have guaranteed that the apparatus would perform reasonably well. But these other water softeners were installed and these people were caught. I do not know how much the original vendor got for the promissory notes, but I suggest it was probably less than 50 per cent. Therefore, even if the interest rate were limited to what the hon. Member for Spadina (Mr. Ryan) suggests, it would not really be a deterrent if at the same time we strengthen the position of the third and fourth parties, and so on, who may own these pieces of paper.

I am not going to take a lot of time, Mr. Speaker. I should like to see the bill passed because I think its intent is very good in seeking to deal with a most serious problem. But I really must add that the bill does not go far enough because it does not provide for an opportunity for the original purchaser to back out of the deal within a specified length of time and it does not provide for the guarantee that the goods are satisfactory to be transferred to and assumed by subsequent purchasers of the paper.

A very serious problem has grown up in Canada in this regard because in my opinion the banks have been reluctant to meet the demand for consumer credit that has been evident in Canada for some years now. I hope the banks will come to realize that the demand for consumer credit constitutes a very large market and that it is a field where they should be much more active. They should not resist applications for consumer credit for the purchase of household appliances and so on. I know there is a lot of paper work involved which is perhaps a nuisance to some extent in the case of these very small loans that have to be collected on a monthly basis. However, at the same time it is the failure of the banks to provide this kind of credit that has permitted many of these consumer finance corporations to engage to such an extent in what I call an illegitimate business.

Mr. D. S. Macdonald (Parliamentary Secretary to Minister of Justice): Mr. Speaker, first of all I should like to refer to the remarks of the hon. Member for Timiskaming (Mr. Peters) and the hon. Member for Medicine Hat (Mr. Olson), and particularly their es-

pousal of a four day cooling off or waiting period and their criticism, though gently voiced, of the hon. Member for Spadina (Mr. Ryan), for failing to cover this particular aspect in his bill. I think it only fair to point out on behalf of the hon. Member for Spadina, who is a member of the Bar, while the other two gentlemen are not, that it is not within the constitutional jurisdiction of this Parliament to provide that kind of stipulation, for reform of rescission of the contract.

Essentially a provision to intervene in a contract already made was what was in issue in the case involving the Ontario Unconscionable Transactions Relief Act, and the Supreme Court of Canada found that a matter of that kind, which would prevent the operation of the contract, or at a later date could involve reform of the contract, was something within provincial and not federal jurisdiction.

Mr. Barnett: Would the hon. Member permit a question? Having said that, would the hon. Member be willing to take the appropriate action to allow this bill to come to a vote?

Mr. Macdonald: I should like to have the same right as other Members of the House have to express my views on the bill. In particular, having been a Member of the joint committee of the Senate and the House of Commons on the question of consumer credit, which other Members who have spoken on the other side were not, I should like to point out something that emerged most clearly from the proceedings of that committee, and which would have been obvious to hon. Members if they had wished to devote any time to examining its proceedings. In the committee the need for complimentary and co-operative action by the federal and provincial Governments for the purpose of securing the protection of consumers was disclosed very clearly.

I should like to give an example of how intricate and how important a task it is to interlock federal and provincial legislation so as to make sure that all aspects of a transaction are protected. Let us take, for example, a particular transaction where a housewife purchases a sewing machine or a washing machine on time. Jurisdiction between the two levels of government will be fragmented in the following way. With respect to the question of warranty, that is, taking action against the store or manufacturer if the machine does not work, this is a matter for Provincial law. If the machine was bought on time and in addition to a conditional sales contract a promissory note was taken and discounted by the storekeeper to an acceptance company, the liabilities of the housewife on that note are defined by federal law. The terms of the conditional sale contract itself, the security which it creates and, more important, the rights of repossession of the machine by the vendor, are determined by provincial law. If there is to be a requirement that the amount owing by way of cost of loan or interest is to be stated in the contract, or if there is to be a maximum interest rate imposed, that is a question for this Parliament because it falls under federal law. If the terms of the contract, as I have already observed, are to be reformed at a later date by the court as being harsh and unconscionable in the way that the Ontario Unconscionable Transactions Relief Act provides, that is a matter for provincial law.

As can be seen, different but closely related aspects of the same transaction fall within the separate legislative fields of the two levels of government and they so fall in a pattern which is known, I confess only imperfectly at the moment, to lawyers. Therefore I suggest that the discussions we at the federal level have had in the committee and the discussions that the Ontario and other provincial committees have had have been very valuable in disclosing the legislative methods which can be followed between the two levels of Government in arriving at a comprehensive consumer's code. I hope that the Government will take early steps to reconvene that committee so that those witnesses with whom arrangements had been made prior to prorogation may appear and deal with the matters we had been discussing at that time.

• (5:50 p.m.)

I suggest that when that committee and the several provincial committees have reported it will be useful then to have the studies made at the two levels of government, so that appropriate interlocking legislation may be adopted by the respective levels of government. I suggest it would be very useful to have this bill available to the committee for study. I regret that the hon. Member for Timiskaming did not see fit to introduce the bill he introduced last session. I am prepared to give him credit for doing so although I suspect it was not an original idea with him. I think it originated with Professor Ziegel of the University of Saskatchewan, but it certainly did provide an

excellent method of dealing with the same kind of transaction, although it involved a slightly different approach than that taken by the hon. Member for Spadina. It would have been useful, however, to have that bill and I am sorry that the hon. Member did not see fit to introduce it.

The Acting Speaker (Mr. Batten): Order. The hour for the consideration of private Members' business has expired.

Mr. Peters: On a question of privilege, Mr. Speaker, would you ascertain from the committee whether or not there is unanimous consent to allow the hon. Member to continue, so we can give second reading to this bill this afternoon?

The Acting Speaker (Mr. Batten): Does the House give unanimous consent to continue the consideration of this bill beyond six o'clock?

Some hon. Members: Agreed.

Some hon. Members: No.

The Acting Speaker (Mr. Batten): There is not unanimous consent.

BUSINESS OF THE HOUSE

Mr. McIlraith: Mr. Speaker, on Monday we will submit to the House a supply motion.

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

END OF VOLUME I